# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**WASHINGTON, D.C. 20549**

# Form 10-Q

☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2024
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from____ to ____
Commission file number **001-32876**

# TRAVEL + LEISURE CO.

*(Exact Name of Registrant as Specified in Its Charter)*

| | |
|---|---|
| **Delaware** | **20-0052541** |
| *(State or Other Jurisdiction of Incorporation or Organization)* | *(I.R.S. Employer Identification No.)* |
| **6277 Sea Harbor Drive** | **32821** |
| **Orlando, Florida** | *(Zip Code)* |
| *(Address of Principal Executive Offices)* | |

**(407) 626-5200**
*(Registrant's Telephone Number, Including Area Code)*

**None**
*(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)*
*Securities registered pursuant to Section 12(b) of the Act:*

| *Title of each class* | *Trading Symbol* | *Name of each exchange on which registered* |
|---|---|---|
| **Common Stock, $0.01 par value per share** | **TNL** | **New York Stock Exchange** |

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

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

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

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:
69,761,786 shares of common stock outstanding as of June 30, 2024.

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## GLOSSARY OF TERMS

The following terms and acronyms appear in the text of this report and have the definitions indicated below:

A non-GAAP measure, defined by the Company as net income from continuing operations before depreciation and amortization, interest expense (excluding consumer financing interest), early extinguishment of debt, interest income (excluding consumer financing revenues) and income taxes. Adjusted EBITDA also excludes stock-based compensation costs, separation and restructuring costs, legacy items, transaction costs for acquisitions and divestitures, asset impairments/recoveries, gains and losses on sale/disposition of business, and items that meet the conditions of unusual and/or infrequent. Legacy items include the resolution of and adjustments to certain contingent assets and liabilities related to acquisitions of continuing businesses and dispositions, including the separation of Wyndham Hotels & Resorts, Inc. and Cendant, and the sale of the vacation rentals businesses.

Accumulated Other Comprehensive Loss

Australian Dollar

Awaze Limited, formerly Compass IV Limited, an affiliate of Platinum Equity, LLC

Travel + Leisure Co. and its subsidiaries

Earnings Per Share

Financial Accounting Standards Board

Generally Accepted Accounting Principles in the United States

Non-Qualified stock options

New Zealand Dollar

Performance-vested restricted Stock Units

Restricted Stock Unit

Securities and Exchange Commission

Special Purpose Entity

Spin-off of Wyndham Hotels & Resorts, Inc.

Travel + Leisure Co. and its subsidiaries

Vacasa LLC

Variable Interest Entity

Vacation Ownership Contract Receivable

Vacation Ownership Interest

Volume Per Guest

Wyndham Hotels & Resorts, Inc.

## PART I — FINANCIAL INFORMATION

### Item 1. Condensed Consolidated Financial Statements (Unaudited).

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Travel + Leisure Co.

**Results of Review of Interim Financial Statements**

We have reviewed the accompanying condensed consolidated balance sheet of Travel + Leisure Co. and subsidiaries (the "Company") as of June 30, 2024, the related condensed consolidated statements of income, comprehensive income and deficit for the three-month and six-month periods ended June 30, 2024 and 2023, and of cash flows for the six-month periods ended June 30, 2024 and 2023, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2023, and the related consolidated statements of income, comprehensive income, cash flows and deficit for the year then ended (not presented herein); and in our report dated February 21, 2024, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2023, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

**Basis for Review Results**

This interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Deloitte & Touche LLP

Tampa, FL

July 24, 2024

**TRAVEL + LEISURE CO.**
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**
**(In millions, except per share amounts)**
**(Unaudited)**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| **Net revenues** | | | | |
| Service and membership fees | $ 413 | $ 424 | $ 832 | $ 844 |
| Vacation ownership interest sales | 441 | 401 | 810 | 739 |
| Consumer financing | 111 | 103 | 221 | 206 |
| Other | 20 | 21 | 37 | 40 |
| Net revenues | 985 | 949 | 1,900 | 1,829 |
| **Expenses** | | | | |
| Operating | 442 | 427 | 880 | 847 |
| Cost of vacation ownership interests | 21 | 33 | 55 | 64 |
| Consumer financing interest | 33 | 27 | 66 | 52 |
| Marketing | 144 | 127 | 265 | 238 |
| General and administrative | 128 | 114 | 239 | 239 |
| Depreciation and amortization | 28 | 28 | 56 | 55 |
| Restructuring | — | 11 | — | 11 |
| Asset recoveries, net | — | (1) | — | (1) |
| Total expenses | 796 | 766 | 1,561 | 1,505 |
| Loss on sale of business | — | — | — | 2 |
| **Operating income** | 189 | 183 | 339 | 322 |
| Interest expense | 63 | 61 | 127 | 119 |
| Other (income), net | (4) | — | (5) | (1) |
| Interest (income) | (3) | (3) | (8) | (6) |
| Income before income taxes | 133 | 125 | 225 | 210 |
| Provision for income taxes | 36 | 36 | 62 | 58 |
| **Net income from continuing operations** | 97 | 89 | 163 | 152 |
| Gain on disposal of discontinued business, net of income taxes | 32 | 5 | 32 | 5 |
| **Net income attributable to Travel + Leisure Co. shareholders** | $ 129 | $ 94 | $ 195 | $ 157 |
| | | | | |
| **Basic earnings per share** | | | | |
| Continuing operations | $ 1.36 | $ 1.18 | $ 2.29 | $ 1.99 |
| Discontinued operations | 0.46 | 0.07 | 0.45 | 0.07 |
| | $ 1.82 | $ 1.25 | $ 2.74 | $ 2.06 |
| **Diluted earnings per share** | | | | |
| Continuing operations | $ 1.36 | $ 1.18 | $ 2.28 | $ 1.98 |
| Discontinued operations | 0.45 | 0.07 | 0.45 | 0.07 |
| | $ 1.81 | $ 1.25 | $ 2.73 | $ 2.05 |

See Notes to Condensed Consolidated Financial Statements.

**TRAVEL + LEISURE CO.**
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**(In millions)**
**(Unaudited)**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| **Net income attributable to Travel + Leisure Co. shareholders** | $ 129 | $ 94 | $ 195 | $ 157 |
| Foreign currency translation adjustments, net of tax | 3 | 2 | (12) | — |
| **Other comprehensive income/(loss), net of tax** | 3 | 2 | (12) | — |
| **Comprehensive income attributable to Travel + Leisure Co. shareholders** | $ 132 | $ 96 | $ 183 | $ 157 |

See Notes to Condensed Consolidated Financial Statements.

**TRAVEL + LEISURE CO.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(In millions, except share data)**
**(Unaudited)**

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 166 | $ 282 |
| Restricted cash (VIE - $89 as of 2024 and $96 as of 2023) | 166 | 176 |
| Trade receivables, net | 176 | 179 |
| Vacation ownership contract receivables, net (VIE - $2,206 as of 2024 and $2,291 as of 2023) | 2,562 | 2,527 |
| Inventory | 1,206 | 1,135 |
| Prepaid expenses | 252 | 229 |
| Property and equipment, net | 596 | 655 |
| Goodwill | 968 | 962 |
| Other intangibles, net | 216 | 199 |
| Other assets | 385 | 394 |
| **Total assets** | $ 6,693 | $ 6,738 |
| **Liabilities and (deficit)** | | |
| Accounts payable | $ 50 | $ 73 |
| Accrued expenses and other liabilities | 788 | 807 |
| Deferred income | 453 | 442 |
| Non-recourse vacation ownership debt (VIE) | 2,000 | 2,071 |
| Debt | 3,577 | 3,575 |
| Deferred income taxes | 709 | 687 |
| **Total liabilities** | 7,577 | 7,655 |
| Commitments and contingencies (Note 16) | | |
| Stockholders' (deficit): | | |
| Preferred stock, $0.01 par value, authorized 6,000,000 shares, none issued and outstanding | — | — |
| Common stock, $0.01 par value, 600,000,000 shares authorized, 224,403,040 issued as of 2024 and 223,767,468 as of 2023 | 2 | 2 |
| Treasury stock, at cost – 154,518,072 shares as of 2024 and 152,336,714 shares as of 2023 | (7,292) | (7,196) |
| Additional paid-in capital | 4,298 | 4,279 |
| Retained earnings | 2,189 | 2,067 |
| Accumulated other comprehensive loss | (82) | (70) |
| Total stockholders’ (deficit) | (885) | (918) |
| Noncontrolling interest | 1 | 1 |
| **Total (deficit)** | (884) | (917) |
| **Total liabilities and (deficit)** | $ 6,693 | $ 6,738 |

See Notes to Condensed Consolidated Financial Statements.

**TRAVEL + LEISURE CO.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(In millions)**
**(Unaudited)**

| | Six Months Ended June 30, 2024 | Six Months Ended June 30, 2023 |
|---|---|---|
| **Operating activities** | | |
| Net income | $ 195 | $ 157 |
| Gain on disposal of discontinued business, net of income taxes | (32) | (5) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Provision for loan losses | 191 | 158 |
| Depreciation and amortization | 56 | 55 |
| Deferred income taxes | 24 | 36 |
| Stock-based compensation | 20 | 22 |
| Non-cash interest | 12 | 9 |
| Non-cash lease expense | 6 | 7 |
| Loss on sale of business | — | 2 |
| Other, net | (1) | 4 |
| Net change in assets and liabilities, excluding the impact of acquisitions and dispositions: | | |
| Trade receivables | 13 | 1 |
| Vacation ownership contract receivables | (235) | (216) |
| Inventory | (2) | 11 |
| Prepaid expenses | (24) | (45) |
| Other assets | 4 | (31) |
| Accounts payable, accrued expenses, and other liabilities | (14) | (71) |
| Deferred income | 8 | 16 |
| **Net cash provided by operating activities** | 221 | 110 |
| **Investing activities** | | |
| Acquisitions, net of cash acquired | (44) | (6) |
| Property and equipment additions | (38) | (28) |
| Proceeds from sale of assets | 1 | — |
| Other, net | — | 1 |
| **Net cash used in investing activities** | (81) | (33) |
| **Financing activities** | | |
| Proceeds from non-recourse vacation ownership debt | 657 | 687 |
| Principal payments on non-recourse vacation ownership debt | (728) | (758) |
| Proceeds from debt | 949 | 1,062 |
| Principal payments on debt | (650) | (672) |
| Repayment of notes | (304) | (403) |
| Repurchase of common stock | (94) | (202) |
| Dividends to shareholders | (73) | (71) |
| Net share settlement of incentive equity awards | (9) | (10) |
| Payment of deferred acquisition consideration | (9) | (14) |
| Debt issuance/modification costs | (7) | (5) |
| Repayments of vacation ownership inventory arrangement | — | (6) |
| Proceeds from issuance of common stock | 7 | 6 |
| **Net cash used in financing activities** | (261) | (386) |
| Effect of changes in exchange rates on cash, cash equivalents and restricted cash | (5) | (1) |
| Net change in cash, cash equivalents and restricted cash | (126) | (310) |
| Cash, cash equivalents and restricted cash, beginning of period | 458 | 688 |
| Cash, cash equivalents and restricted cash, end of period | 332 | 378 |
| Less: Restricted cash | 166 | 164 |
| Cash and cash equivalents | $ 166 | $ 214 |

See Notes to Condensed Consolidated Financial Statements.

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**TRAVEL + LEISURE CO.**
**CONDENSED CONSOLIDATED STATEMENTS OF DEFICIT**
**(In millions)**
**(Unaudited)**

| | Common Shares Outstanding | Common Stock | Treasury Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Non-controlling Interest | Total Deficit |
|---|---|---|---|---|---|---|---|---|
| **Balance as of December 31, 2023** | 71.4 | $ 2 | $ (7,196) | $ 4,279 | $ 2,067 | $ (70) | $ 1 | $ (917) |
| Net income | — | — | — | — | 66 | — | — | 66 |
| Other comprehensive loss | — | — | — | — | — | (15) | — | (15) |
| Issuance of shares for RSU/PSU vesting | 0.5 | — | — | — | — | — | — | — |
| Net share settlement of stock-based compensation | — | — | — | (9) | — | — | — | (9) |
| Change in stock-based compensation | — | — | — | 9 | — | — | — | 9 |
| Repurchase of common stock | (0.6) | — | (25) | — | — | — | — | (25) |
| Dividends ($0.50 per share) | — | — | — | — | (36) | — | — | (36) |
| Other | — | — | — | 2 | — | — | — | 2 |
| **Balance as of March 31, 2024** | 71.3 | 2 | (7,221) | 4,281 | 2,097 | (85) | 1 | (925) |
| Net income | — | — | — | — | 129 | — | — | 129 |
| Other comprehensive income | — | — | — | — | — | 3 | — | 3 |
| Stock option exercises | 0.1 | — | — | 1 | — | — | — | 1 |
| Employee stock purchase program issuances | 0.1 | — | — | 5 | — | — | — | 5 |
| Change in stock-based compensation | — | — | — | 11 | — | — | — | 11 |
| Repurchase of common stock | (1.6) | — | (70) | — | — | — | — | (70) |
| Dividends ($0.50 per share) | — | — | — | — | (37) | — | — | (37) |
| Other | — | — | (1) | — | — | — | — | (1) |
| **Balance as of June 30, 2024** | 69.9 | $ 2 | $ (7,292) | $ 4,298 | $ 2,189 | $ (82) | $ 1 | $ (884) |

See Notes to Condensed Consolidated Financial Statements.

**TRAVEL + LEISURE CO.**
**CONDENSED CONSOLIDATED STATEMENTS OF DEFICIT**
**(In millions)**
**(Unaudited)**

| | Common Shares Outstanding | Common Stock | Treasury Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Non-controlling Interest | Total Deficit |
|---|---|---|---|---|---|---|---|---|
| **Balance as of December 31, 2022** | 78.4 | $ 2 | $ (6,886) | $ 4,242 | $ 1,808 | $ (79) | $ 9 | $ (904) |
| Net income | — | — | — | — | 64 | — | — | 64 |
| Other comprehensive loss | — | — | — | — | — | (2) | — | (2) |
| Issuance of shares for RSU vesting | 0.3 | — | — | — | — | — | — | — |
| Net share settlement of stock-based compensation | — | — | — | (5) | — | — | — | (5) |
| Change in stock-based compensation | — | — | — | 10 | — | — | — | 10 |
| Repurchase of common stock | (2.5) | — | (102) | — | — | — | — | (102) |
| Dividends ($0.45 per share) | — | — | — | — | (36) | — | — | (36) |
| **Balance as of March 31, 2023** | 76.2 | 2 | (6,988) | 4,247 | 1,836 | (81) | 9 | (975) |
| Net income | — | — | — | — | 94 | — | — | 94 |
| Other comprehensive income | — | — | — | — | — | 2 | — | 2 |
| Issuance of shares for RSU vesting | 0.3 | — | — | — | — | — | — | — |
| Net share settlement of stock-based compensation | — | — | — | (5) | — | — | — | (5) |
| Employee stock purchase program issuances | 0.1 | — | — | 5 | — | — | — | 5 |
| Change in stock-based compensation | — | — | — | 12 | — | — | — | 12 |
| Repurchase of common stock | (2.6) | — | (102) | — | — | — | — | (102) |
| Dividends ($0.45 per share) | — | — | — | — | (35) | — | — | (35) |
| Non-controlling interest ownership change | — | — | — | — | — | — | 1 | 1 |
| Other | — | — | — | (1) | — | — | — | (1) |
| **Balance as of June 30, 2023** | 74.0 | $ 2 | $ (7,090) | $ 4,258 | $ 1,895 | $ (79) | $ 10 | $ (1,004) |

See Notes to Condensed Consolidated Financial Statements.

**TRAVEL + LEISURE CO.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(Unless otherwise noted, all amounts are in millions, except share and per share amounts)**
**(Unaudited)**

## 1. Background and Basis of Presentation

***Background***

Travel + Leisure Co. and its subsidiaries (collectively, "Travel + Leisure Co.," or the "Company") is a global provider of hospitality services and travel products. The Company has two reportable segments: Vacation Ownership and Travel and Membership.

The Vacation Ownership segment develops, markets, and sells vacation ownership interests ("VOIs") to individual consumers, provides consumer financing in connection with the sale of VOIs, and provides property management services at resorts. This segment includes the Wyndham Destinations business line.

The Travel and Membership segment operates a variety of travel businesses, including vacation exchange brands, travel technology platforms, travel memberships, and direct-to-consumer rentals. This segment is comprised of the Exchange and Travel Club business lines.

***Basis of Presentation***

The accompanying unaudited Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q include the accounts and transactions of Travel + Leisure Co., as well as the entities in which Travel + Leisure Co. directly or indirectly has a controlling financial interest. The accompanying Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). All intercompany balances and transactions have been eliminated in the Condensed Consolidated Financial Statements.

The Company presents an unclassified balance sheet which conforms to that of the Company's peers and industry practice.

In presenting the Condensed Consolidated Financial Statements, management makes estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures. Estimates, by their nature, are based on judgment and available information. Accordingly, actual results could differ from those estimates and assumptions. In management's opinion, the Condensed Consolidated Financial Statements contain all normal recurring adjustments necessary for a fair presentation of interim results reported. The results of operations reported for interim periods are not necessarily indicative of the results of operations for the entire year or any subsequent interim period. These Condensed Consolidated Financial Statements should be read in conjunction with the Company's 2023 Consolidated Financial Statements included in its Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on February 21, 2024.

## 2. New Accounting Pronouncements

***Recently Issued Accounting Pronouncements***

*Business Combinations—Joint Venture Formations*. In August 2023, the Financial Accounting Standards Board ("FASB") issued guidance to address the accounting for contributions made to a joint venture, upon formation, in a joint venture's separate financial statements. The guidance was issued in an effort to reduce diversity in practice and requires a joint venture to initially measure its assets and liabilities at fair value on the formation date. This guidance is effective prospectively for all joint ventures within the scope of the standard that are formed on or after January 1, 2025. Existing joint ventures have the option to apply the guidance retrospectively. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of this guidance on its financial statements and related disclosures.

*Disclosure Improvements*. In October 2023, the FASB issued guidance to modify the disclosure and presentation requirements of a variety of topics in the codification. Among other updates, amendments specific to the Company include updates to disclosure requirements related to derivative instruments, diluted earnings per share, commitments, and amounts and terms of unused lines of credit. The effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. The Company is currently evaluating the impact of the adoption of this guidance on its financial statements and related disclosures.

*Segment Reporting.* In November 2023, the FASB issued guidance to enhance segment disclosures by requiring incremental segment information on an annual and interim basis for all public entities. Among other provisions, this guidance will require public entities to disclose significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss. This guidance is effective for all public entities for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of this guidance on its financial statements and related disclosures.

*Improvements to Income Tax Disclosures.* In December 2023, the FASB issued guidance to enhance the transparency and decision usefulness of income tax disclosures through improvements in rate reconciliation and income taxes paid information. Among other provisions, this guidance requires public entities to disclose specific categories in the rate reconciliation, using both percentages and reporting currency amounts; and present cash taxes paid on a disaggregated basis. This guidance is effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of this guidance on its financial statements and related disclosures.

## 3. Revenue Recognition

***Vacation Ownership***

The Company develops, markets, and sells VOIs to individual consumers, provides consumer financing in connection with the sale of VOIs, and provides property management services at resorts. The Company's sales of VOIs are either cash sales or developer-financed sales. Developer-financed sales are typically collateralized by the underlying VOI. Revenue is recognized on VOI sales upon transfer of control, which is defined as the point in time when a binding sales contract has been executed, the financing contract has been executed for the remaining transaction price, the statutory rescission period has expired, and the transaction price has been deemed to be collectible.

For developer-financed sales, the Company reduces the VOI sales transaction price by an estimate of uncollectible consideration at the time of the sale. The Company's estimates of uncollectible amounts are based largely on the results of the Company's static pool analysis which relies on historical payment data by customer class.

In connection with entering into a VOI sale, the Company may provide its customers with certain non-cash incentives, such as credits for future stays at its resorts. For those VOI sales, the Company allocates the sales price between the VOI sale and the non-cash incentive based upon the relative standalone selling price of the performance obligations within the contract. Non-cash incentives generally have expiration periods of two years or less and are recognized at a point in time upon transfer of control.

The Company provides day-to-day property management services including oversight of housekeeping services, maintenance, and certain accounting and administrative services for property owners' associations and clubs. These services may also include reservation and resort renovation activities. Such agreements are generally for terms of one year or less and are renewed automatically on an annual basis. The Company's management agreements contain cancellation clauses, which allow for either party to cancel the agreement, by either a majority board vote or a majority vote of non-developer interests. The Company receives fees for such property management services which are collected monthly in advance and are based upon total costs to operate such resorts (or as services are provided in the case of resort renovation activities). Fees for property management services typically approximate 10% of budgeted operating expenses. The Company is entitled to consideration for reimbursement of costs incurred on behalf of the property owners' association in providing management services ("reimbursable revenue"). These reimbursable costs principally relate to the payroll costs for management of the associations, club and resort properties where the Company is the employer and are reflected as a component of Operating expenses on the Condensed Consolidated Statements of Income. The Company reduces its management fee revenue for amounts it has paid to the property owners' association that reflect maintenance fees for VOIs for which it retains ownership, as the Company has concluded that such payments are consideration payable to a customer.

Property management fee revenues and reimbursable revenues are recognized when the services are performed and are recorded as a component of Service and membership fees on the Condensed Consolidated Statements of Income. Property management fee and reimbursable revenues were (in millions):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Management fee revenues | $ 113 | $ 108 | $ 227 | $ 215 |
| Reimbursable revenues | 97 | 97 | 194 | 189 |
| Property management fees and reimbursable revenues | $ 210 | $ 205 | $ 421 | $ 404 |

One of the associations that the Company manages paid its Travel and Membership segment $9 million and $8 million for exchange services during the three months ended June 30, 2024 and 2023, and $17 million during both the six months ended June 30, 2024 and 2023.

***Travel and Membership***

Travel and Membership derives a majority of its revenues from membership dues and fees for facilitating members’ trading of their timeshare intervals. Revenues from membership dues represent the fees paid by members or affiliated clubs on their behalf. As a provider of vacation exchange services, the Company enters into affiliation agreements with developers of vacation ownership properties to allow owners of VOIs to trade their intervals for intervals at other properties affiliated with the Company’s vacation exchange network and, for some members, for other leisure-related services and products. The Company recognizes revenues from membership dues paid by the member on a straight-line basis over the membership period as the performance obligations are fulfilled through delivery of publications, if applicable, and by providing access to travel-related products and services. Estimated net contract consideration payable by affiliated clubs for memberships is recognized as revenue over the term of the contract with the affiliated club in proportion to the estimated average monthly member count. Such estimates are adjusted periodically for changes in actual and forecasted member activity. For additional fees, members have the right to exchange their intervals for intervals at other properties affiliated with the Company’s vacation exchange networks and, for certain members, for other leisure-related services and products. The Company also derives revenue from facilitating bookings of travel accommodations that were acquired from various sources. Revenue is recognized when these transactions have been confirmed, net of expected cancellations.

The Company’s vacation exchange business also derives revenues from programs with affiliated resorts, club servicing, and loyalty programs; and additional exchange-related products that provide members with the ability to protect trading power or points, extend the life of deposits, and combine two or more deposits for the opportunity to exchange into intervals with higher trading power. Revenues from other vacation exchange related product fees are deferred and recognized upon the occurrence of a future exchange, event, or other related transaction.

The Company earns revenue from its RCI Elite Rewards co–branded credit card program, which is primarily generated by cardholder spending and the enrollment of new cardholders. The advance payments received under the program are recognized as a contract liability until the Company’s performance obligations have been satisfied. The primary performance obligation for the program relates to brand performance services. Total contract consideration is estimated and recognized on a straight-line basis over the contract term.

***Other Items***

The Company records property management service revenues for its Vacation Ownership segment and RCI Elite Rewards revenues for its Travel and Membership segment gross as a principal.

***Contract Liabilities***

Contract liabilities generally represent payments or consideration received in advance for goods or services that the Company has not yet transferred to the customer. Contract liabilities consisted of (in millions):

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Deferred subscription revenue | $ 159 | $ 161 |
| Deferred VOI trial package revenue | 140 | 136 |
| Deferred VOI incentive revenue | 84 | 81 |
| Deferred exchange-related revenue [(a)] | 60 | 59 |
| Deferred co-branded credit card programs revenue | 5 | 6 |
| Deferred other revenue | 6 | 1 |
| Total | $ 454 | $ 444 |

(a) Includes contractual liabilities to accommodate members for cancellations due to unexpected events. These amounts are included within Accrued expenses and other liabilities on the Condensed Consolidated Balance Sheets.

In the Company’s Vacation Ownership business, deferred VOI trial package revenue represents consideration received in advance for a trial VOI, which allows customers to utilize a vacation package typically within three years of purchase, but may extend longer for certain programs. Deferred VOI incentive revenue represents payments received in advance for additional travel-related services and products at the time of a VOI sale. Revenue is recognized when a customer utilizes the additional services and products, which is typically within two years of the VOI sale, but may extend longer for certain programs.

Within the Company’s Travel and Membership business, deferred subscription revenue represents billings and payments received in advance from members and affiliated clubs for memberships in the Company’s travel programs which are recognized in future periods. Deferred exchange-related revenue primarily represents payments received in advance from members to book vacation exchanges which are recognized upon the future confirmed transaction. Deferred revenue also includes other leisure-related service and product revenues which are recognized as customers utilize the associated benefits.

Changes in contract liabilities for the periods presented were as follows (in millions):

| | Six Months Ended June 30, | |
|---|---|---|
| | 2024 | 2023 |
| Beginning balance | $ 444 | $ 400 |
| Additions | 173 | 177 |
| Revenue recognized | (163) | (153) |
| Ending balance | $ 454 | $ 424 |

***Capitalized Contract Costs***

The Vacation Ownership segment incurs certain direct and incremental selling costs in connection with VOI trial package and incentive revenues. Such costs are capitalized and subsequently recognized over the utilization period when usage or expiration occurs, which is typically within three years from the date of sale. As of June 30, 2024 and December 31, 2023, these capitalized costs were $47 million and $46 million and are included within Other assets on the Condensed Consolidated Balance Sheets.

The Travel and Membership segment incurs certain direct and incremental selling costs to obtain contracts with customers in connection with subscription revenues and exchange–related revenues. Such costs, which are primarily comprised of commissions paid to internal and external parties and credit card processing fees, are deferred at the inception of the contract and recognized when the benefit is transferred to the customer. As of June 30, 2024, the capitalized costs were $17 million, of which $11 million was included in Prepaid expenses and $6 million was included in Other assets on the Condensed Consolidated Balance Sheets. As of December 31, 2023, these capitalized costs were $16 million, of which $11 million was included in Prepaid expenses and $5 million was included in Other assets on the Condensed Consolidated Balance Sheets.

***Practical Expedients***

The Company has not adjusted the consideration for the effects of a significant financing component if it expected, at contract inception, that the period between when the Company will satisfy the performance obligation and when the customer will pay for that good or service will be one year or less.

***Performance Obligations***

A performance obligation is a promise in a contract with a customer to transfer a distinct good or service to the customer. The consideration received from a customer is allocated to each distinct performance obligation and recognized as revenue when, or as, each performance obligation is satisfied.

The following table summarizes the Company's remaining performance obligations for the 12-month periods set forth below (in millions):

| | 7/1/2024 - 6/30/2025 | 7/1/2025 - 6/30/2026 | 7/1/2026 - 6/30/2027 | Thereafter | Total |
|---|---|---|---|---|---|
| Subscription revenue | $ 91 | $ 35 | $ 16 | $ 17 | $ 159 |
| VOI trial package revenue | 131 | 3 | 3 | 3 | 140 |
| VOI incentive revenue | 84 | — | — | — | 84 |
| Exchange-related revenue | 57 | 3 | — | — | 60 |
| Co-branded credit card programs revenue | 3 | 2 | — | — | 5 |
| Other revenue | 6 | — | — | — | 6 |
| Total | $ 372 | $ 43 | $ 19 | $ 20 | $ 454 |

***Disaggregation of Net Revenues***

The table below presents a disaggregation of the Company's net revenues from contracts with customers by major services and products for each of the Company's segments (in millions):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| **Vacation Ownership** | | | | |
| Vacation ownership interest sales | $ 441 | $ 401 | $ 810 | $ 739 |
| Property management fees and reimbursable revenues | 210 | 205 | 421 | 404 |
| Consumer financing | 111 | 103 | 221 | 206 |
| Fee-for-Service commissions | 27 | 41 | 45 | 67 |
| Ancillary revenues | 18 | 18 | 36 | 37 |
| **Total Vacation Ownership** | 807 | 768 | 1,533 | 1,453 |
| **Travel and Membership** | | | | |
| Transaction revenues | 126 | 126 | 266 | 273 |
| Subscription revenues | 44 | 46 | 90 | 91 |
| Ancillary revenues | 7 | 7 | 14 | 15 |
| **Total Travel and Membership** | 177 | 179 | 370 | 379 |
| **Corporate and other** | | | | |
| Ancillary revenues | 1 | 3 | 1 | 3 |
| Eliminations | — | (1) | (4) | (6) |
| **Total Corporate and other** | 1 | 2 | (3) | (3) |
| **Net revenues** | $ 985 | $ 949 | $ 1,900 | $ 1,829 |

## 4. Earnings Per Share

The computations of basic and diluted earnings per share ("EPS") are based on Net income attributable to Travel + Leisure Co. shareholders divided by the basic weighted average number of common shares and diluted weighted average number of common shares outstanding. The following table sets forth the computations of basic and diluted EPS (in millions, except per share data):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Net income from continuing operations attributable to Travel + Leisure Co. shareholders | $ 97 | $ 89 | $ 163 | $ 152 |
| Gain on disposal of discontinued business attributable to Travel + Leisure Co. shareholders, net of income taxes | 32 | 5 | 32 | 5 |
| Net income attributable to Travel + Leisure Co. shareholders | $ 129 | $ 94 | $ 195 | $ 157 |
| | | | | |
| *Basic earnings per share* [(a)] | | | | |
| Continuing operations | $ 1.36 | $ 1.18 | $ 2.29 | $ 1.99 |
| Discontinued operations | 0.46 | 0.07 | 0.45 | 0.07 |
| | $ 1.82 | $ 1.25 | $ 2.74 | $ 2.06 |
| | | | | |
| *Diluted earnings per share* [(a)] | | | | |
| Continuing operations | $ 1.36 | $ 1.18 | $ 2.28 | $ 1.98 |
| Discontinued operations | 0.45 | 0.07 | 0.45 | 0.07 |
| | $ 1.81 | $ 1.25 | $ 2.73 | $ 2.05 |
| | | | | |
| Basic weighted average shares outstanding | 70.8 | 75.2 | 71.2 | 76.3 |
| RSUs,[(b)] PSUs [(c)] and NQs [(d)] | 0.2 | 0.3 | 0.3 | 0.5 |
| Diluted weighted average shares outstanding [(e)] | 71.0 | 75.5 | 71.5 | 76.8 |
| | | | | |
| *Dividends:* | | | | |
| Aggregate dividends paid to shareholders [(f)] | $ 35 | $ 35 | $ 73 | $ 71 |

(a) Earnings per share amounts are calculated using whole numbers.

(b) Excludes 0.8 million of restricted stock units ("RSUs") that would have been anti-dilutive to EPS for both the three and six months ended June 30, 2024 and 1.3 million and 1.2 million of RSUs that would have been anti-dilutive to EPS for the three and six months ended June 30, 2023. These shares could potentially dilute EPS in the future.

(c) Excludes performance-vested restricted stock units ("PSUs") of 0.9 million for both the three and six months ended June 30, 2024 and 0.9 million of PSUs for both the three and six months ended June 30, 2023, as the Company has not met the required performance metrics. These PSUs could potentially dilute EPS in the future.

(d) Excludes 0.9 million and 1.4 million of outstanding non-qualified stock options ("NQs") that would have been anti-dilutive to EPS for the three and six months ended June 30, 2024 and 2.3 million of outstanding NQs for both the three and six months ended June 30, 2023. These outstanding NQs could potentially dilute EPS in the future.

(e) The dilutive impact of the Company's potential common stock is computed utilizing the treasury stock method using average market prices during the period.

(f) The Company paid cash dividends of $ 0.50 and $ 1.00 per share during the three and six months ended June 30, 2024 and $ 0.45 and $ 0.90 per share during the three and six months ended June 30, 2023.

***Share Repurchase Program***

The following table summarizes stock repurchase activity under the current share repurchase program (in millions):

| | Shares | Cost |
|---|---|---|
| As of December 31, 2023 | 127.8 | $ 6,411 |
| Repurchases | 2.2 | 95 |
| As of June 30, 2024 | 130.0 | $ 6,506 |

On August 20, 2007, the Company's Board of Directors authorized a share repurchase program that enabled it to purchase its common stock. As of June 30, 2024, the Board of Directors has increased the capacity of the program 10 times, most recently in May 2024 by $500 million, bringing the total authorization under the current program to $7.0 billion. Proceeds received from stock option exercises have increased the repurchase capacity by $84 million since the inception of this program. As of June 30, 2024, the Company had $578 million of remaining availability in its program.

The Company had $3 million of excise tax related to share repurchases accrued as of June 30, 2024 and December 31, 2023, included within Treasury stock on the Condensed Consolidated Balance Sheets.

**5. Acquisitions**

*Accor Vacation Club.* On March 1, 2024, the Company acquired the vacation ownership business of Accor for $50 million ($44 million net of cash acquired) subject to customary post-closing adjustments based on final valuation information and additional analysis. The fair value of purchase consideration was comprised of $40 million net cash paid at closing and $4 million paid during the second quarter of 2024. This acquisition creates a new line of business for Travel + Leisure Co. as Accor Vacation Club adds to the Company's portfolio of brand affiliations and expands its international portfolio in the Asia Pacific region. Accor will receive a percentage of the associated vacation ownership sales revenue as a licensing fee under a licensing agreement.

This transaction was accounted for as a business acquisition. As of June 30, 2024, the Company has recognized the assets and liabilities of Accor Vacation Club based on estimates of their acquisition date fair values. The determination of the fair values of the acquired assets and assumed liabilities, including goodwill and other intangible assets, requires significant judgment. The preliminary purchase price allocation included: (i) $22 million of definite-lived intangible assets with a weighted average life of 26 years consisting of management agreements and customer relationships, included within Other intangibles, net; (ii) $9 million of Inventory; (iii) $8 million of Trade receivables, net; (iv) $7 million of Goodwill, none of which is expected to be deductible for Australian income tax purposes; (v) $6 million of Property and equipment, net; and (vi) $8 million of Accrued expenses and other liabilities on the Condensed Consolidated Balance Sheets. This business is included within the Vacation Ownership segment.

*Playbook365.* On January 3, 2023, the Company acquired the Playbook365 business for $13 million, comprised of $6 million of cash paid at closing and contingent consideration with a fair market value of $7 million, which can range up to $24 million, based on the achievement of certain financial metrics. If these financial metrics are achieved, the Company would be required to make payments in the first quarter of 2025 and/or 2026. Playbook365 is a youth and amateur sports management platform. This platform was integrated with Travel Club's event lodging management platform to create an all-in-one solution in the youth sports market. This acquisition was made to broaden the products and services offered by Travel Club.

This transaction was accounted for as a business acquisition. The Company recognized the assets and liabilities of Playbook365 based on estimates of their acquisition date fair values. The determination of the fair values of the acquired assets and assumed liabilities, including goodwill and other intangible assets, required significant judgment. The purchase price allocation included: (i) $5 million of developed software with a weighted average life of four years included within Property and equipment, net on the Condensed Consolidated Balance Sheets; (ii) $5 million of Goodwill; (iii) $3 million of definite-lived intangible assets with a weighted average life of four years primarily consisting of customer relationships included within Other intangibles, net on the Condensed Consolidated Balance Sheets; and (iv) $7 million of Accrued expenses and other liabilities. All of the goodwill and other intangible assets are expected to be deductible for income tax purposes. This business is included within the Travel and Membership segment. The Company completed purchase accounting for this transaction during the third quarter of 2023.

*Travel + Leisure.* On January 5, 2021, the Company acquired the Travel + Leisure brand from Dotdash Meredith (formerly Meredith Corporation) for $100 million, $35 million of which was paid at closing. The Company made additional payments of $20 million, $20 million, and $15 million during each of the second quarters of 2021, 2022, and 2023, and its final payment of $10 million during the second quarter of 2024. The majority of these payments were reflected as cash used in Financing activities on the Condensed Consolidated Statements of Cash Flows. This transaction was accounted for as an asset acquisition, with the full consideration allocated to the related trademark indefinite-lived intangible asset. The Company acquired the Travel + Leisure brand to accelerate its strategic plan to broaden its reach with the launch of new travel services, expand its membership travel business, and amplify the global visibility of its leisure travel products.

**6. Discontinued Operations**

During 2018, the Company sold its European vacation rentals business. In connection with this sale, during the three and six months ended June 30, 2024 the Company recognized a $32 million Gain on disposal of discontinued business, net of income taxes, and a $5 million Gain on disposal of discontinued business, net of income taxes during the three and six months ended June 30, 2023. These gains resulted from the expiration of certain guarantees made in connection with the sales agreement. See Note 21—*Transactions with Former Parent and Former Subsidiaries* for additional details.

**7. Vacation Ownership Contract Receivables**

The Company generates vacation ownership contract receivables (“VOCRs”) by extending financing to the purchasers of its VOIs.Vacation ownership contract receivables, net consisted of the following (in millions):

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| *Vacation ownership contract receivables:* | | |
| Securitized [(a)] | $ 2,206 | $ 2,291 |
| Non-securitized [(b)] | 930 | 810 |
| Vacation ownership contract receivables, gross | 3,136 | 3,101 |
| Less: allowance for loan losses | 574 | 574 |
| Vacation ownership contract receivables, net | $ 2,562 | $ 2,527 |

(a) Excludes $17 million and $ 18 million of accrued interest on VOCRs as of June 30, 2024 and December 31, 2023, which are included in Trade receivables, net on the Condensed Consolidated Balance Sheets.

(b) Excludes $8 million of accrued interest on VOCRs as of both June 30, 2024 and December 31, 2023, which are included in Trade receivables, net on the Condensed Consolidated Balance Sheets.

During the three and six months ended June 30, 2024, the Company’s securitized VOCRs generated interest income of $79 million and $159 million. During the three and six months ended June 30, 2023, the Company’s securitized VOCRs generated interest income of $78 million and $154 million. Such interest income is included within Consumer financing revenue on the Condensed Consolidated Statements of Income.

During the six months ended June 30, 2024 and 2023, the Company had net VOCR originations of $728 million and $674 million, and received principal collections of $493 million and $458 million. The weighted average interest rate on outstanding VOCRs was14.7% as of both June 30, 2024 and December 31, 2023.

The Company records the difference between VOCRs and the variable consideration included in the transaction price for the sale of the related VOIs as a provision for loan losses on VOCRs. The activity in the allowance for loan losses on VOCRs was as follows (in millions):

| | Six Months Ended June 30, | |
|---|---|---|
| | 2024 | 2023 |
| Allowance for loan losses, beginning balance | $ 574 | $ 541 |
| Provision for loan losses, net [(a)] | 191 | 158 |
| Contract receivables write-offs, net | (191) | (154) |
| Allowance for loan losses, ending balance | $ 574 | $ 545 |

(a) Recorded as a reduction to Net revenue.

***Credit Quality for Financed Receivables and the Allowance for Credit Losses***

The basis of the differentiation within the identified class of financed VOI contract receivables is the consumer’s Fair Isaac Corporation (“FICO”) score. A FICO score is a branded version of a consumer credit score widely used within the U.S. by the largest banks and lending institutions. FICO scores range from 300 to 850 and are calculated based on information obtained from one or more of the three major U.S. credit reporting agencies that compile and report on a consumer’s credit history. The Company updates its records for all active VOI contract receivables with a balance due on a rolling monthly basis to ensure that all VOI contract receivables are scored at least every six months. The Company groups all VOI contract receivables into five different categories: FICO scores ranging from 700 to 850, from 600 to 699, below 600, no score (primarily comprised of consumers for whom a score is not readily available, including consumers declining access to FICO scores and non-U.S. residents), and Asia Pacific (comprised of receivables in the Company's Travel + Leisure Vacation Clubs Asia Pacific business for which scores are not available).

The following table details an aging analysis of financing receivables using the most recently updated FICO scores, based on the policy described above (in millions):

| | As of June 30, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | 700+ | 600-699 | <600 | No Score | Asia Pacific | Total |
| Current | $ 1,831 | $ 742 | $ 137 | $ 84 | $ 185 | $ 2,979 |
| 31 - 60 days | 20 | 25 | 12 | 2 | 7 | 66 |
| 61 - 90 days | 15 | 17 | 10 | 1 | 9 | 52 |
| 91 - 120 days | 9 | 13 | 11 | 1 | 5 | 39 |
| Total | $ 1,875 | $ 797 | $ 170 | $ 88 | $ 206 | $ 3,136 |

| | As of December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | 700+ | 600-699 | <600 | No Score | Asia Pacific | Total |
| Current | $ 1,835 | $ 735 | $ 120 | $ 83 | $ 183 | $ 2,956 |
| 31 - 60 days | 22 | 28 | 13 | 2 | 1 | 66 |
| 61 - 90 days | 12 | 16 | 10 | 1 | — | 39 |
| 91 - 120 days | 10 | 16 | 12 | 2 | — | 40 |
| Total | $ 1,879 | $ 795 | $ 155 | $ 88 | $ 184 | $ 3,101 |

The Company ceases to accrue interest on VOI contract receivables once the contract has remained delinquent for greater than 90 days and reverses all of the associated accrued interest recognized to date against interest income included within Consumer financing revenue on the Condensed Consolidated Statements of Income. At greater than 120 days, the VOI contract receivable is written off to the allowance for loan losses. In accordance with its policy, the Company assesses the allowance for loan losses using a static pool methodology and thus does not assess individual loans for impairment.

The following tables detail the year of origination of financing receivables using the most recently updated FICO scores, based on the policy described above (in millions):

| | As of June 30, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | 700+ | 600-699 | <600 | No Score | Asia Pacific | Total |
| 2024 | $ 504 | $ 138 | $ — | $ 22 | $ 79 | $ 743 |
| 2023 | 562 | 264 | 58 | 21 | 60 | 965 |
| 2022 | 317 | 154 | 44 | 12 | 16 | 543 |
| 2021 | 139 | 72 | 22 | 3 | 10 | 246 |
| 2020 | 69 | 32 | 8 | 3 | 9 | 121 |
| Prior | 284 | 137 | 38 | 27 | 32 | 518 |
| Total | $ 1,875 | $ 797 | $ 170 | $ 88 | $ 206 | $ 3,136 |

| | As of December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | 700+ | 600-699 | <600 | No Score | Asia Pacific | Total |
| 2023 | $ 850 | $ 292 | $ 27 | $ 33 | $ 107 | $ 1,309 |
| 2022 | 407 | 202 | 46 | 14 | 18 | 687 |
| 2021 | 172 | 90 | 27 | 4 | 12 | 305 |
| 2020 | 86 | 39 | 10 | 4 | 10 | 149 |
| 2019 | 131 | 65 | 18 | 11 | 13 | 238 |
| Prior | 233 | 107 | 27 | 22 | 24 | 413 |
| Total | $ 1,879 | $ 795 | $ 155 | $ 88 | $ 184 | $ 3,101 |

The table below represents the gross write-offs of financing receivables by year of origination (in millions):

| | Six Months Ended June 30, 2024 |
|---|---|
| 2024 | $ 1 |
| 2023 | 94 |
| 2022 | 43 |
| 2021 | 17 |
| 2020 | 7 |
| Prior | 31 |
| Total | $ 193 |

## 8. Inventory

Inventory consisted of the following (in millions):

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Completed VOI inventory | $ 966 | $ 899 |
| Estimated VOI recoveries | 205 | 207 |
| Land held for VOI development | 29 | 20 |
| VOI construction in process | 3 | 5 |
| Vacation exchange credits and other | 3 | 4 |
| Total inventory | $ 1,206 | $ 1,135 |

As VOI inventory is completed it is transferred into property and equipment until such units are registered and made available for sale. Once registered and available for sale, the units are then transferred back into completed inventory. The Company had net transfers of VOI inventory from property and equipment of $56 million during the six months ended June 30, 2024 and net transfers of VOI inventory to property and equipment of $16 million during the six months ended June 30, 2023.

***Inventory Obligations***

The Company has entered into inventory sale transactions with third-party developers for which the Company has conditional rights and obligations to repurchase the completed properties from the developers subject to the properties conforming to the Company's vacation ownership resort standards and provided that the third-party developers have not sold the properties to another party. Under the sale of real estate accounting guidance, the conditional rights and obligations of the Company constitute continuing involvement and thus the Company was unable to account for these transactions as a sale.

The following table summarizes the activity related to the Company's inventory obligations (in millions):

| | Las Vegas [(a)] | Other [(b)] | Total |
|---|---|---|---|
| December 31, 2023 | $ — | $ 8 | $ 8 |
| Purchases | — | 54 | 54 |
| Payments | — | (57) | (57) |
| June 30, 2024 | $ — | $ 5 | $ 5 |
| | | | |
| December 31, 2022 | $ 30 | $ 7 | $ 37 |
| Purchases | — | 27 | 27 |
| Payments | (30) | (26) | (56) |
| June 30, 2023 | $ — | $ 8 | $ 8 |

(a) Included in Accrued expenses and other liabilities on the Condensed Consolidated Balance Sheets.
(b) Included in Accounts payable on the Condensed Consolidated Balance Sheets.

## 9. Property and Equipment

Property and equipment, net consisted of the following (in millions):

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Capitalized software | $ 779 | $ 756 |
| Building and leasehold improvements [(a)] | 623 | 665 |
| Furniture, fixtures and equipment | 164 | 168 |
| Finance leases | 44 | 41 |
| Land | 28 | 28 |
| Construction in progress | 24 | 24 |
| **Total property and equipment** | 1,662 | 1,682 |
| Less: accumulated depreciation and amortization | 1,066 | 1,027 |
| **Property and equipment, net** | $ 596 | $ 655 |

(a) Includes $196 million and $256 million of unregistered VOI inventory as of June 30, 2024 and December 31, 2023.

## 10. Debt

The Company's indebtedness consisted of the following (in millions):

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| *Non-recourse vacation ownership debt:* [(a)] | | |
| Term notes [(b)] | $ 1,593 | $ 1,707 |
| USD bank conduit facility (due September 2025) [(c)] | 309 | 261 |
| AUD/NZD bank conduit facility (due December 2024) [(d)] | 98 | 103 |
| Total | $ 2,000 | $ 2,071 |
| | | |
| *Debt:* [(e)] | | |
| $1.0 billion secured revolving credit facility (due October 2026) [(f)] | $ 304 | $ — |
| $300 million 2018 secured term loan B (due May 2025) [(g)] | 282 | 284 |
| $598 million 2023 secured incremental term loan B (due December 2029) [(h)] | 582 | 583 |
| $300 million 5.65% secured notes (due April 2024) | — | 300 |
| $350 million 6.60% secured notes (due October 2025) [(i)] | 348 | 348 |
| $650 million 6.625% secured notes (due July 2026) | 647 | 646 |
| $400 million 6.00% secured notes (due April 2027) [(j)] | 404 | 404 |
| $650 million 4.50% secured notes (due December 2029) | 644 | 643 |
| $350 million 4.625% secured notes (due March 2030) | 347 | 347 |
| Finance leases | 19 | 20 |
| Total | $ 3,577 | $ 3,575 |

(a) Represents non-recourse debt that is securitized through bankruptcy-remote special purpose entities, the creditors of which have no recourse to the Company for principal and interest. These outstanding borrowings (which legally are not liabilities of the Company) are collateralized by $2.33 billion and $2.42 billion of underlying gross VOCRs and related assets (which legally are not assets of the Company) as of June 30, 2024 and December 31, 2023.

(b) The carrying amounts of the term notes are net of deferred financing costs of $20 million and $22 million as of June 30, 2024 and December 31, 2023.

(c) The Company has a borrowing capacity of $600 million under the USD bank conduit facility through September 2025. Borrowings under this facility are required to be repaid as the collateralized receivables amortize but no later than October 2026.

(d) The Company has a borrowing capacity of 200 million Australian dollars ("AUD") and 25 million New Zealand dollars ("NZD") under the AUD/NZD bank conduit facility through December 2024. Borrowings under this facility are required to be repaid no later than January 2027.

(e) The carrying amounts of the secured notes and term loan are net of unamortized discounts of $17 million and $20 million as of June 30, 2024 and December 31, 2023, and net of unamortized debt financing costs of $10 million and $12 million as of June 30, 2024 and December 31, 2023.

(f) The weighted average effective interest rate on facility borrowings was 7.61% and 7.47% as of June 30, 2024 and December 31, 2023.

(g) The weighted average effective interest rate on facility borrowings was 7.81% and 7.49% as of June 30, 2024 and December 31, 2023.
(h) The weighted average effective interest rate on facility borrowings was 8.77% and 9.25% as of June 30, 2024 and December 31, 2023.
(i) Includes $1 million and $2 million of unamortized losses from the settlement of a derivative as of June 30, 2024 and December 31, 2023.
(j) Includes $5 million and $6 million of unamortized gains from the settlement of a derivative as of June 30, 2024 and December 31, 2023.

***Sierra Timeshare 2024-1 Receivables Funding LLC***

On March 21, 2024, the Company closed on a placement of a series of term notes payable, issued by Sierra Timeshare 2024-1 Receivables Funding LLC, with an initial principal amount of $350 million, secured by VOCRs and bearing interest at a weighted average coupon rate of5.66%. The advance rate for this transaction was95.25%.

***Maturities and Capacity***

The Company's outstanding indebtedness as of June 30, 2024, matures as follows (in millions):

| | Non-recourse Vacation Ownership Debt | Debt | Total |
|---|---|---|---|
| Within 1 year | $ 219 | $ 296 | $ 515 |
| Between 1 and 2 years | 482 | 361 | 843 |
| Between 2 and 3 years | 191 | 1,365 | 1,556 |
| Between 3 and 4 years | 198 | 7 | 205 |
| Between 4 and 5 years | 198 | 6 | 204 |
| Thereafter | 712 | 1,542 | 2,254 |
| | $ 2,000 | $ 3,577 | $ 5,577 |

Required principal payments on the non-recourse vacation ownership debt are based on the contractual repayment terms of the underlying VOCRs. Actual maturities may differ as a result of prepayments by the VOCR obligors.

As of June 30, 2024, the available capacities under the Company's borrowing arrangements were as follows (in millions):

| | Non-recourse Conduit Facilities (a) | Revolving Credit Facilities (b) |
|---|---|---|
| Total capacity | $ 749 | $ 1,000 |
| Less: outstanding borrowings | 407 | 304 |
| Less: letters of credit | — | 2 |
| Available capacity | $ 342 | $ 694 |

(a) Consists of the Company's USD bank conduit facility and AUD/NZD bank conduit facility. The capacities of these facilities are subject to the Company's ability to provide additional assets to collateralize additional non-recourse borrowings.
(b) Consists of the Company's $1.0 billion secured revolving credit facility.

***Debt Covenants***

The revolving credit facility and term loan B facilities are subject to covenants including the maintenance of specific financial ratios as defined in the credit agreement. The financial ratio covenants consist of a minimum interest coverage ratio of no less than 2.50 to 1.0 as of the measurement date and a maximum first lien leverage ratio not to exceed 4.25 to 1.0 as of the measurement date. The interest coverage ratio is calculated by dividing consolidated EBITDA (as defined in the credit agreement) by consolidated interest expense (as defined in the credit agreement), both as measured on a trailing 12-month basis preceding the measurement date. The first lien leverage ratio is calculated by dividing consolidated first lien debt (as defined in the credit agreement) as of the measurement date by consolidated EBITDA (as defined in the credit agreement) as measured on a trailing 12-month basis preceding the measurement date.

As of June 30, 2024, the Company's interest coverage ratio was4.15 to 1.0 and the first lien leverage ratio was3.50 to 1.0. These ratios do not include interest expense or indebtedness related to any qualified securitization financing (as defined in the credit agreement). As of June 30, 2024, the Company was in compliance with the financial covenants described above.

Each of the Company's non-recourse securitized term notes and bank conduit facilities contain various triggers relating to the performance of the applicable loan pools. If the VOCR pool that collateralizes one of the Company's securitization notes fails to perform within the parameters established by the contractual triggers (such as higher default or delinquency rates), there are provisions pursuant to which the cash flows for that pool will be maintained in the securitization as extra collateral for the note holders or applied to accelerate the repayment of outstanding principal to the note holders. As of June 30, 2024, all of the Company's securitized loan pools were in compliance with applicable contractual triggers.

***Interest Expense***

The Company incurred interest expense of $63 million and $127 million during the three and six months ended June 30, 2024, excluding interest expense associated with non-recourse vacation ownership debt. These amounts include offsets of less than $1 million and $1 million of capitalized interest during each period. Cash paid related to such interest was $130 million during the six months ended June 30, 2024.

The Company incurred interest expense of $61 million and $119 million during the three and six months ended June 30, 2023, excluding interest expense associated with non-recourse vacation ownership debt. These amounts include offsets of less than $1 million of capitalized interest during each period. Cash paid related to such interest was $121 million during the six months ended June 30, 2023.

Interest expense incurred in connection with the Company's non-recourse vacation ownership debt was $33 million and $66 million during the three and six months ended June 30, 2024, and $27 million and $52 million during the three and six months ended June 30, 2023. These amounts are included within Consumer financing interest on the Condensed Consolidated Statements of Income. Cash paid related to such interest was $55 million and $41 million for the six months ended June 30, 2024 and 2023.

**11. Variable Interest Entities**

The Company analyzes its variable interests, including loans, guarantees, interests in special purpose entities ("SPEs"), and equity investments, to determine if an entity in which the Company has a variable interest is a variable interest entity ("VIE"). If the entity is deemed to be a VIE, the Company consolidates those VIEs for which the Company is the primary beneficiary.

***Vacation Ownership Contract Receivables Securitizations***

The Company pools qualifying VOCRs and sells them to bankruptcy-remote entities. VOCRs qualify for securitization based primarily on the credit strength of the VOI purchaser to whom financing has been extended. VOCRs are securitized through bankruptcy-remote SPEs that are consolidated within the Company's Condensed Consolidated Financial Statements. As a result, the Company does not recognize gains or losses resulting from these securitizations at the time of sale to the SPEs. Interest income is recognized when earned over the contractual life of the VOCRs. The Company services the securitized VOCRs pursuant to servicing agreements negotiated on an arm's-length basis based on market conditions. The activities of these SPEs are limited to (i) purchasing VOCRs from the Company's vacation ownership subsidiaries, (ii) issuing debt securities and/or borrowing under a conduit facility to fund such purchases, and (iii) entering into derivatives to hedge interest rate exposure. The bankruptcy-remote SPEs are legally separate from the Company. The receivables held by the bankruptcy-remote SPEs are not available to creditors of the Company and legally are not assets of the Company. Additionally, the non-recourse debt that is securitized through the SPEs is legally not a liability of the Company and thus, the creditors of these SPEs have no recourse to the Company for principal and interest.

The assets and liabilities of these vacation ownership SPEs are as follows (in millions):

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Securitized contract receivables, gross [(a)] | $ 2,206 | $ 2,291 |
| Securitized restricted cash [(b)] | 89 | 96 |
| Interest receivables on securitized contract receivables [(c)] | 17 | 18 |
| Other assets [(d)] | 13 | 13 |
| Total SPE assets | 2,325 | 2,418 |
| Non-recourse term notes [(e)] [(f)] | 1,593 | 1,707 |
| Non-recourse conduit facilities [(e)] | 407 | 364 |
| Other liabilities [(g)] | 3 | 4 |
| Total SPE liabilities | 2,003 | 2,075 |
| SPE assets in excess of SPE liabilities | $ 322 | $ 343 |

[(a)] Included in Vacation ownership contract receivables, net on the Condensed Consolidated Balance Sheets.
[(b)] Included in Restricted cash on the Condensed Consolidated Balance Sheets.

(c) Included in Trade receivables, net on the Condensed Consolidated Balance Sheets.
(d) Primarily includes deferred financing costs for the bank conduit facilities and a security investment asset, which is included in Other assets on the Condensed Consolidated Balance Sheets.
(e) Included in Non-recourse vacation ownership debt on the Condensed Consolidated Balance Sheets.
(f) Includes deferred financing costs of $ 20 million and $ 22 million as of June 30, 2024 and December 31, 2023, related to non-recourse debt.
(g) Primarily includes accrued interest on non-recourse debt, which is included in Accrued expenses and other liabilities on the Condensed Consolidated Balance Sheets.

In addition, the Company has VOCRs that have not been securitized through bankruptcy-remote SPEs. Such gross receivables were $930 million and $810 million as of June 30, 2024 and December 31, 2023.

A summary of total vacation ownership receivables and other securitized assets, net of securitized liabilities and the allowance for loan losses, is as follows (in millions):

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| SPE assets in excess of SPE liabilities | $ 322 | $ 343 |
| Non-securitized contract receivables | 930 | 810 |
| Less: allowance for loan losses | 574 | 574 |
| Total, net | $ 678 | $ 579 |

## 12. Fair Value

The Company measures its financial assets and liabilities at fair value on a recurring basis and utilizes the fair value hierarchy to determine such fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value driver is observable.

Level 3: Unobservable inputs used when little or no market data is available.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement falls has been determined based on the lowest level input (closest to Level 3) that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The Company's derivative instruments currently consist of foreign exchange forward contracts and interest rate caps.

As of June 30, 2024, the Company had foreign exchange contracts resulting in less than $1 million of assets which are included within Other assets and less than $1 million of liabilities which are included in Accrued expenses and other liabilities on the Condensed Consolidated Balance Sheets. On a recurring basis, such assets and liabilities are remeasured at estimated fair value (all of which are Level 2) and thus are equal to the carrying value.

The impact of interest rate caps was immaterial as of June 30, 2024 and 2023.

For assets and liabilities that are measured using quoted prices in active markets, the fair value is the published market price per unit multiplied by the number of units held without consideration of transaction costs. Assets and liabilities that are measured using other significant observable inputs are valued by reference to similar assets and liabilities. For these items, a significant portion of fair value is derived by reference to quoted prices of similar assets and liabilities in active markets. For assets and liabilities that are measured using significant unobservable inputs, fair value is primarily derived using a fair value model, such as a discounted cash flow model.

The fair value of financial instruments is generally determined by reference to market values resulting from trading on a national securities exchange or in an over-the-counter market. In cases where quoted market prices are not available, fair value is based on estimates using present value or other valuation techniques, as appropriate. The carrying amounts of cash and cash equivalents, restricted cash, trade receivables, accounts payable, and accrued expenses and other current liabilities approximate fair value due to the short-term maturities of these assets and liabilities.

The carrying amounts and estimated fair values of all other financial instruments were as follows (in millions):

| | June 30, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| | Carrying Amount | Estimated Fair Value | Carrying Amount | Estimated Fair Value |
| **Assets** | | | | |
| Vacation ownership contract receivables, net (Level 3) | $ 2,562 | $ 2,878 | $ 2,527 | $ 2,829 |
| **Liabilities** | | | | |
| Debt (Level 2) | $ 5,577 | $ 5,496 | $ 5,646 | $ 5,541 |

The Company estimates the fair value of its VOCRs using a discounted cash flow model which it believes is comparable to the model that an independent third-party would use in the current market. The model uses Level 3 inputs consisting of default rates, prepayment rates, coupon rates, and loan terms for the contract receivables portfolio as key drivers of risk and relative value that, when applied in combination with pricing parameters, determines the fair value of the underlying contract receivables.

The Company estimates the fair value of its non-recourse vacation ownership debt by obtaining Level 2 inputs comprised of indicative bids from investment banks that actively issue and facilitate the secondary market for timeshare securities. The Company estimates the fair value of its debt, excluding finance leases, using Level 2 inputs based on indicative bids from investment banks and determines the fair value of its secured notes using quoted market prices (such secured notes are not actively traded).

## 13. Derivative Instruments and Hedging Activities

***Foreign Currency Risk***

The Company has foreign currency rate exposure to exchange rate fluctuations worldwide with particular exposure to the Euro, British pound sterling, Australian and Canadian dollars, and Mexican peso. The Company uses freestanding foreign currency forward contracts to manage a portion of its exposure to changes in foreign currency exchange rates associated with its foreign currency denominated receivables, payables, and forecasted earnings of foreign subsidiaries. Additionally, the Company has used foreign currency forward contracts designated as cash flow hedges to manage a portion of its exposure to changes in forecasted foreign currency denominated vendor payments. As of June 30, 2024, the Company had no gains or losses relating to contracts designated as cash flow hedges included in Accumulated other comprehensive loss (“AOCL”).

***Interest Rate Risk***

A portion of the debt used to finance the Company’s operations is exposed to interest rate fluctuations. The Company periodically uses financial derivatives to strategically adjust its mix of fixed to floating rate debt. The derivative instruments utilized include interest rate swaps which convert fixed rate debt into variable rate debt (i.e. fair value hedges) and interest rate caps (undesignated hedges) to manage the overall interest cost. For relationships designated as fair value hedges, changes in fair value of the derivatives are recorded in income, with offsetting adjustments to the carrying amount of the hedged debt. As of June 30, 2024 and 2023, the Company had no interest rate derivatives designated as fair value or cash flow hedges.

There were no losses on derivatives recognized in AOCL for the three and six months ended June 30, 2024 or 2023.

## 14. Income Taxes

The Company files U.S. federal and state, and foreign income tax returns in jurisdictions with varying statutes of limitations. With few exceptions, the Company is no longer subject to U.S. federal income tax examinations for years prior to 2020 and state and local income tax examinations prior to 2016. In significant foreign jurisdictions, years prior to 2015 are generally no longer subject to income tax examinations by their respective tax authorities.

The Company’s effective tax rate was27.4% and 29.1% for the three months ended June 30, 2024 and 2023; and27.9% and 27.6% for the six months ended June 30, 2024 and 2023. The effective tax rate for the three months ended June 30, 2024 was primarily impacted by an increase in foreign taxes and an increase in unrecognized tax benefits. The effective tax rate for the six months ended June 30, 2024 was primarily impacted by the portion of stock-based compensation expense that is not deductible for tax purposes. The effective tax rate for the three months ended June 30, 2023 was primarily impacted by an increase in state taxes due to state legislative changes and an increase to the valuation allowance on foreign tax credits. The effective tax rate for the six months ended June 30, 2023 was primarily impacted by an increase to the valuation allowance on foreign tax credits and the portion of stock-based compensation expense that is not deductible for tax purposes, partially offset by a decrease in unrecognized tax benefits.

The Company made income tax payments, net of tax refunds, of $47 million and $80 million during the six months ended June 30, 2024 and 2023.

**15. Leases**

The Company leases property and equipment under finance and operating leases for its corporate headquarters, administrative functions, marketing and sales offices, and various other facilities and equipment. For leases with terms greater than 12 months, the Company records the related asset and obligation at the present value of lease payments over the term. Many of its leases include rental escalation clauses, lease incentives, renewal options and/or termination options that are factored into the Company's determination of lease payments. The Company elected the hindsight practical expedient to determine the reasonably certain lease term for existing leases. The Company also made an accounting policy election to keep leases with an initial term of 12 months or less off the balance sheet and recognize the associated lease payments on a straight-line basis over the lease term in the Condensed Consolidated Statements of Income.

When available, the Company uses the rate implicit in the lease to discount lease payments to present value; however, most of its leases do not provide a readily determinable implicit rate. Therefore, the Company must estimate its incremental borrowing rate to discount the lease payments based on information available at lease commencement. The majority of the Company's leases have remaining lease terms of one to 20 years, some of which include options to extend the leases for up to10 years, and some of which include options to terminate the leases within one year.

The table below presents information related to the lease costs for finance and operating leases (in millions):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Operating lease cost | $ 5 | $ 5 | $ 10 | $ 11 |
| Short-term lease cost | $ 4 | $ 3 | $ 7 | $ 7 |
| Finance lease cost: | | | | |
| Amortization of right-of-use assets | $ 3 | $ 2 | $ 5 | $ 4 |
| Interest on lease liabilities | — | — | 1 | — |
| Total finance lease cost | $ 3 | $ 2 | $ 6 | $ 4 |

The table below presents the lease-related assets and liabilities recorded on the Condensed Consolidated Balance Sheets:

| | Balance Sheet Classification | June 30, 2024 | December 31, 2023 |
|---|---|---|---|
| **Operating leases (in millions):** | | | |
| Operating lease right-of-use assets | Other assets | $ 47 | $ 46 |
| Operating lease liabilities | Accrued expenses and other liabilities | $ 84 | $ 87 |
| **Finance leases (in millions):** | | | |
| Finance lease assets [(a)] | Property and equipment, net | $ 21 | $ 21 |
| Finance lease liabilities | Debt | $ 19 | $ 20 |
| **Weighted average remaining lease term:** | | | |
| Operating leases | | 4.6 years | 5.1 years |
| Finance leases | | 2.7 years | 2.8 years |
| **Weighted average discount rate:** | | | |
| Operating leases [(b)] | | 6.1 % | 6.0 % |
| Finance leases | | 6.6 % | 6.6 % |

(a) Presented net of accumulated depreciation.
(b) Upon adoption of the lease standard, discount rates used for existing leases were established at January 1, 2019.

The table below presents supplemental cash flow information related to leases (in millions):

| | Six Months Ended June 30, 2024 | Six Months Ended June 30, 2023 |
|---|---|---|
| **Cash paid for amounts included in the measurement of lease liabilities:** | | |
| Operating cash outflows from operating leases | $ 15 | $ 16 |
| Operating cash outflows from finance leases | $ 1 | $ — |
| Financing cash outflows from finance leases | $ 5 | $ 4 |
| **Right-of-use assets obtained in exchange for lease obligations:** | | |
| Operating leases | $ 9 | $ 1 |
| Finance leases | $ 5 | $ 10 |

The table below presents maturities of lease liabilities as of June 30, 2024 (in millions):

| | Operating Leases | Finance Leases |
|---|---|---|
| Six months ending December 31, 2024 | $ 15 | $ 5 |
| 2025 | 27 | 9 |
| 2026 | 16 | 5 |
| 2027 | 14 | 2 |
| 2028 | 12 | — |
| Thereafter | 13 | — |
| Total minimum lease payments | 97 | 21 |
| Less: amount of lease payments representing interest | (13) | (2) |
| Present value of future minimum lease payments | $ 84 | $ 19 |

## 16. Commitments and Contingencies

The Company is involved in claims, legal and regulatory proceedings, and governmental inquiries related to its business, none of which, in the opinion of management, is expected to have a material effect on the Company's results of operations or financial condition.

***Travel + Leisure Co. Litigation***

The Company may be from time to time involved in claims, legal and regulatory proceedings, and governmental inquiries arising in the ordinary course of its business including but not limited to: for its Vacation Ownership business — breach of contract, bad faith, conflict of interest, fraud, consumer protection and other statutory claims by property owners' associations, owners and prospective owners in connection with the sale or use of VOIs or land, or the management of vacation ownership resorts, construction defect claims relating to vacation ownership units or resorts or in relation to guest reservations and bookings; and negligence, breach of contract, fraud, consumer protection and other statutory claims by guests and other consumers for alleged injuries sustained at or acts or occurrences related to vacation ownership units or resorts or in relation to guest reservations and bookings; for its Travel and Membership business — breach of contract, fraud and bad faith claims by affiliates and customers in connection with their respective agreements, negligence, breach of contract, fraud, consumer protection and other statutory claims asserted by members, guests and other consumers for alleged injuries sustained at or acts or occurrences related to affiliated resorts, or in relation to guest reservations and bookings; and for each of its businesses, bankruptcy proceedings involving efforts to collect receivables from a debtor in bankruptcy, employment matters including but not limited to, claims of wrongful termination, retaliation, discrimination, harassment and wage and hour claims, whistleblower claims, claims of infringement upon third parties' intellectual property rights, claims relating to information security, privacy and consumer protection, fiduciary duty/trust claims, tax claims, environmental claims, and landlord/tenant disputes.

The Company records an accrual for legal contingencies when it determines, after consultation with outside counsel where appropriate, that it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. In making such determinations, the Company evaluates, among other things, the degree of probability of an unfavorable outcome and, when it is probable that a liability has been incurred, the Company's ability to make a reasonable estimate of loss. The Company reviews these accruals each fiscal quarter and makes revisions based on changes in facts and circumstances including changes to its strategy in dealing with these matters. The Company believes that it has adequately accrued for such matters with reserves of $4 million and $7 million as of June 30, 2024 and December 31, 2023. Litigation is inherently unpredictable and, although the Company believes that its accruals are adequate and/or that it has valid defenses in these matters, unfavorable results could occur. As such, an adverse outcome from such proceedings for which claims are awarded in excess of the amounts accrued, if any, could be material to the Company with respect to earnings and/or cash flows in any given reporting period. As of June 30, 2024, it is estimated that the potential exposure resulting from adverse outcomes of such legal proceedings could, in the aggregate, range up to $20 million in excess of recorded accruals. Such accruals are exclusive of matters relating to the Company's separation from Cendant, matters relating to the spin-off of Wyndham Hotels & Resorts, Inc. ("Spin-off"), and matters relating to the sale of the vacation rentals businesses, which are discussed in Note 21—*Transactions with Former Parent and Former Subsidiaries*. However, the Company does not believe that the impact of such litigation should result in a material liability to the Company in relation to its consolidated financial position and/or liquidity.

For matters deemed reasonably possible, therefore not requiring accrual, the Company believes that such matters will not have a material effect on its results of operations, financial position, or cash flows based on information currently available.

GUARANTEES/INDEMNIFICATIONS

***Standard Guarantees/Indemnifications***

In the ordinary course of business, the Company enters into agreements that contain standard guarantees and indemnities whereby the Company indemnifies another party for specified breaches of, or third-party claims relating to, an underlying agreement. Such underlying agreements are typically entered into by one of the Company's subsidiaries. The various underlying agreements generally govern purchases, sales or outsourcing of products or services, leases of real estate, licensing of software and/or development of vacation ownership properties, customer data safeguards, access to credit facilities, derivatives, and issuances of debt securities. Also in the ordinary course of business, the Company provides corporate guarantees for its operating business units relating to merchant credit-card processing for prepaid customer stays and other deposits. While a majority of these guarantees and indemnifications extend only for the duration of the underlying agreement, some survive the expiration of the agreement. The Company is not able to estimate the maximum potential amount of future payments to be made under these guarantees and indemnifications as the triggering events are not predictable. In certain cases, the Company receives offsetting indemnifications from third-parties and/or maintains insurance coverage that may mitigate any potential payments.

***Other Guarantees and Indemnifications***

For information on guarantees and indemnifications related to the Company's former parent and subsidiaries see Note 21—*Transactions with Former Parent and Former Subsidiaries.*

## 17. Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss are as follows (in millions):

| Pretax | | Foreign Currency Translation Adjustments | | Defined Benefit Pension Plans | | Accumulated Other Comprehensive Loss |
|---|---|---|---|---|---|---|
| Balance, December 31, 2023 | $ | (170) | $ | 1 | $ | (169) |
| Other comprehensive loss | | (13) | | — | | (13) |
| Balance, June 30, 2024 | $ | (183) | $ | 1 | $ | (182) |
| **Tax** | | | | | | |
| Balance, December 31, 2023 | $ | 99 | $ | — | $ | 99 |
| Other comprehensive income | | 1 | | — | | 1 |
| Balance, June 30, 2024 | $ | 100 | $ | — | $ | 100 |
| **Net of Tax** | | | | | | |
| Balance, December 31, 2023 | $ | (71) | $ | 1 | $ | (70) |
| Other comprehensive loss | | (12) | | — | | (12) |
| Balance, June 30, 2024 | $ | (83) | $ | 1 | $ | (82) |

| Pretax | | Foreign Currency Translation Adjustments | | Defined Benefit Pension Plans | | Accumulated Other Comprehensive Loss |
|---|---|---|---|---|---|---|
| Balance, December 31, 2022 | $ | (178) | $ | — | $ | (178) |
| Other comprehensive income | | 1 | | — | | 1 |
| Balance, June 30, 2023 | $ | (177) | $ | — | $ | (177) |
| **Tax** | | | | | | |
| Balance, December 31, 2022 | $ | 99 | $ | — | $ | 99 |
| Other comprehensive loss | | (1) | | — | | (1) |
| Balance, June 30, 2023 | $ | 98 | $ | — | $ | 98 |
| **Net of Tax** | | | | | | |
| Balance, December 31, 2022 | $ | (79) | $ | — | $ | (79) |
| Other comprehensive income | | — | | — | | — |
| Balance, June 30, 2023 | $ | (79) | $ | — | $ | (79) |

Foreign currency translation adjustments exclude income taxes related to investments in foreign subsidiaries where the Company intends to reinvest the undistributed earnings indefinitely in those foreign operations.

The Company's policy for releasing disproportionate income tax effects from AOCL utilizes the aggregate approach.

There were no reclassifications out of AOCL for the six months ended June 30, 2024 or 2023.

## 18. Stock-Based Compensation

The Company has a stock-based compensation plan available to grant RSUs, PSUs, stock-settled appreciation rights, NQs, and other stock-based awards to key employees, non-employee directors, advisors, and consultants.

Under the Amended and Restated 2006 Equity Incentive Plan, a maximum of 15.7 million shares of common stock may be awarded. As of June 30, 2024, based on number of awards granted at target performance levels, 10.0 million shares remained available.

***Incentive Equity Awards Granted by the Company***

During the six months ended June 30, 2024, the Company granted incentive equity awards to key employees and senior officers of $33 million in the form of RSUs and $10 million in the form of PSUs, based on target performance. Of these awards, the RSUs will vest ratably over a period offour years and the PSUs will cliff vest on the third anniversary of the grant date, contingent upon the Company achieving certain performance metrics, with a maximum vesting of 200%.

During the six months ended June 30, 2023, the Company granted incentive equity awards to key employees and senior officers of $33 million in the form of RSUs and $21 million in the form of PSUs, based on target performance.

The activity related to incentive equity awards granted by the Company to key employees and senior officers for the six months ended June 30, 2024, consisted of the following (in millions, except grant prices):

| | Balance, December 31, 2023 | Granted | Vested /Exercised (a) | Cancelled / Forfeited (b) | Balance, June 30, 2024 |
|---|---|---|---|---|---|
| **RSUs** | | | | | |
| Number of RSUs | 1.6 | 0.7 | (0.5) | (0.1) | 1.7 (c) |
| Weighted average grant price | $ 47.11 | $ 45.20 | $ 47.94 | $ 48.06 | $ 45.95 |
| **PSUs** | | | | | |
| Number of PSUs | 0.8 | 0.2 | (0.1) | — | 0.9 (d) |
| Weighted average grant price | $ 47.29 | $ 45.21 | $ 59.00 | $ — | $ 45.20 |
| **NQs** | | | | | |
| Number of NQs | 2.3 | — | (0.1) | (0.7) | 1.5 (e) |
| Weighted average grant price | $ 44.88 | $ — | $ 42.47 | $ 48.64 | $ 43.35 |

(a) Upon exercise of NQs and vesting of RSUs and PSUs, the Company issues new shares to participants.

(b) The Company recognizes cancellations and forfeitures as they occur.

(c) Aggregate unrecognized compensation expense related to RSUs was $ 64 million as of June 30, 2024, which is expected to be recognized over a weighted average period of 2.8 years.

(d) The aggregate unrecognized compensation expense related to PSUs that are probable of vesting was $ 13 million as of June 30, 2024, which is expected to be recognized over a weighted average period of 2.1 years. The maximum amount of compensation expense associated with PSUs that are not probable of vesting could range up to $ 42 million which would be recognized over a weighted average period of 1.7 years.

(e) There were 1.2 million NQs which were exercisable as of June 30, 2024. These exercisable NQs will expire over a weighted average period of 5.4 years and carry a weighted average grant date fair value of $8.78. Unrecognized compensation expense for NQs was $ 1 million as of June 30, 2024, which is expected to be recognized over a weighted average period of 0.7 years.

The Company did not grant any stock options during the six months ended June 30, 2024 or 2023.The fair value of stock options granted by the Company prior to 2023 was estimated on the date of grant using the Black-Scholes option-pricing model with the relevant weighted average assumptions. Expected volatility was based on both historical and implied volatilities of the Company's stock and the stock of comparable companies over the estimated expected life for options. The expected life represented the period of time these awards were expected to be outstanding. The risk-free interest rate was based on yields on U.S. Treasury strips with a maturity similar to the estimated expected life of the options. The projected dividend yield was based on the Company's anticipated annual dividend divided by the price of the Company's stock on the date of the grant.

The total intrinsic value of options exercised was less than $1 million during both the six months ended June 30, 2024 and 2023. The vest date fair value of shares that vested during the six months ended June 30, 2024 and 2023 was $33 million and $36 million.

***Stock-Based Compensation Expense***

The Company recorded stock-based compensation expense of $11 million and $20 million during the three and six months ended June 30, 2024, and $12 million and $22 million during the three and six months ended June 30, 2023 related to incentive equity awards granted to key employees, senior officers, and non-employee directors. During the six months ended June 30, 2024 and 2023 the Company recognized $5 million and $6 million of tax benefits associated with stock-based compensation.

The Company paid $9 million and $10 million of taxes for the net share settlement of incentive equity awards that vested during the six months ended June 30, 2024 and 2023. Such amounts are included within Financing activities on the Condensed Consolidated Statements of Cash Flows.

***Employee Stock Purchase Plan***

The Company has an employee stock purchase plan which allows eligible employees to purchase common shares of Company stock through payroll deductions at a 10% discount off the fair market value at the grant date. The Company issued 0.1 million shares under this plan during both the six months ended June 30, 2024 and 2023 and recognized $1 million of compensation expense for each of these issuances. The value of shares issued under this plan was $5 million during both the six months ended June 30, 2024 and 2023.

## 19. Segment Information

The Company has two reportable segments: Vacation Ownership and Travel and Membership. The reportable segments presented below are those for which discrete financial information is available and which are utilized on a regular basis by the chief operating decision maker to assess performance and to allocate resources. In identifying its reportable segments, the Company also considers the nature of services provided by its operating segments. Management uses Adjusted EBITDA to assess the performance of the reportable segments. Adjusted EBITDA is defined by the Company as net income from continuing operations before depreciation and amortization, interest expense (excluding consumer financing interest), early extinguishment of debt, interest income (excluding consumer financing revenues) and income taxes. Adjusted EBITDA also excludes stock-based compensation costs, separation and restructuring costs, legacy items, transaction costs for acquisitions and divestitures, asset impairments/recoveries, gains and losses on sale/disposition of business, and items that meet the conditions of unusual and/or infrequent. Legacy items include the resolution of and adjustments to certain contingent assets and liabilities related to acquisitions of continuing businesses and dispositions, including the separation of Wyndham Hotels & Resorts, Inc. ("Wyndham Hotels") and Cendant, and the sale of the vacation rentals businesses. The Company believes that Adjusted EBITDA is a useful measure of performance for its segments which, when considered with GAAP measures, the Company believes gives a more complete understanding of its operating performance. The Company's presentation of Adjusted EBITDA may not be comparable to similarly-titled measures used by other companies.

The following tables present the Company's segment information (in millions):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| **Net revenues** | **2024** | **2023** | **2024** | **2023** |
| Vacation Ownership | $ 807 | $ 768 | $ 1,533 | $ 1,453 |
| Travel and Membership | 177 | 179 | 370 | 379 |
| Total reportable segments | 984 | 947 | 1,903 | 1,832 |
| Corporate and other [(a)] | 1 | 2 | (3) | (3) |
| Total Company | $ 985 | $ 949 | $ 1,900 | $ 1,829 |

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| **Reconciliation of Net income to Adjusted EBITDA** | **2024** | **2023** | **2024** | **2023** |
| Net income attributable to Travel + Leisure Co. shareholders | $ 129 | $ 94 | $ 195 | $ 157 |
| Gain on disposal of discontinued business, net of income taxes | (32) | (5) | (32) | (5) |
| Interest expense | 63 | 61 | 127 | 119 |
| Interest (income) | (3) | (3) | (8) | (6) |
| Provision for income taxes | 36 | 36 | 62 | 58 |
| Depreciation and amortization | 28 | 28 | 56 | 55 |
| Legacy items | 12 | 2 | 13 | 7 |
| Stock-based compensation | 11 | 12 | 20 | 22 |
| Restructuring | — | 11 | — | 11 |
| Acquisition and divestiture related costs | — | — | 2 | — |
| Loss on sale of business [(b)] | — | — | — | 2 |
| Adjusted EBITDA | $ 244 | $ 236 | $ 435 | $ 420 |

| Adjusted EBITDA | Three Months Ended June 30, 2024 | Three Months Ended June 30, 2023 | Six Months Ended June 30, 2024 | Six Months Ended June 30, 2023 |
|---|---|---|---|---|
| Vacation Ownership | $ 206 | $ 187 | $ 340 | $ 319 |
| Travel and Membership | 62 | 62 | 137 | 133 |
| Total reportable segments | 268 | 249 | 477 | 452 |
| Corporate and other [(a)] | (24) | (13) | (42) | (32) |
| Total Company | $ 244 | $ 236 | $ 435 | $ 420 |

(a) Includes the elimination of transactions between segments.
(b) Represents the loss on sale of the Love Home Swap business.

| Segment Assets [(a)] | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Vacation Ownership | $ 5,046 | $ 4,980 |
| Travel and Membership | 1,343 | 1,353 |
| Total reportable segments | 6,389 | 6,333 |
| Corporate and other | 304 | 405 |
| Total Company | $ 6,693 | $ 6,738 |

(a) Excludes investment in consolidated subsidiaries.

## 20. Restructuring

***2023 Restructuring Plan***

During 2023, the Company incurred $26 million of restructuring charges. These actions were primarily focused on enhancing organizational efficiency and rationalizing operations. These charges included personnel-related costs resulting from a reduction of approximately 250 employees and other expenses. As part of this restructuring plan, the Company decided to decrease its facilities by closing its owned office in Indianapolis, Indiana, and exiting other leased locations. The 2023 restructuring plan charges consisted of (i) $11 million of personnel-related costs at the Travel and Membership segment, (ii) $9 million of personnel-related costs and $1 million of lease costs at the Vacation Ownership segment, and (iii) $5 million of personnel-related costs at the Company's corporate operations. These restructuring charges included $2 million of accelerated stock-based compensation expense, which is included within Additional paid-in capital on the Condensed Consolidated Balance Sheets. All material initiative and related expenses have been incurred as of December 31, 2023. As of December 31, 2023, this restructuring liability was $15 million. This liability was reduced by $11 million of cash payments during the six months ended June 30, 2024. The remaining 2023 restructuring liability of $4 million is expected to be paid by the end of 2025.

The Company has additional restructuring plans which were implemented prior to 2023. As of December 31, 2023, the restructuring liability related to these plans was $18 million. This liability was reduced by $3 million of cash payments during the six months ended June 30, 2024. The remaining liability of $15 million, most of which is related to leased facilities, is expected to be paid by the end of 2029.

The activity associated with the Company's restructuring plans is summarized as follows (in millions):

| | Liability as of December 31, 2023 | Costs Recognized | Cash Payments | Liability as of June 30, 2024 |
|---|---|---|---|---|
| Facility-related | $ 17 | $ — | $ (2) | $ 15 |
| Personnel-related | 16 | — | (12) | 4 |
| | $ 33 | $ — | $ (14) | $ 19 |

## 21. Transactions with Former Parent and Former Subsidiaries

***Matters Related to Cendant***

Pursuant to the Separation and Distribution Agreement with Cendant (the Company's former parent company, now Avis Budget Group), the Company entered into certain guarantee commitments with Cendant and Cendant's former subsidiary, Realogy (now Anywhere Real Estate Inc.). These guarantee arrangements primarily relate to certain contingent litigation liabilities, contingent tax liabilities, and Cendant contingent and other corporate liabilities, of which Wyndham Worldwide Corporation assumed 37.5% of the responsibility while Cendant's former subsidiary Realogy is responsible for the remaining 62.5%. In connection with the Spin-off, Wyndham Hotels agreed to retain one-third of Cendant's contingent and other corporate liabilities and associated costs; therefore, Travel + Leisure Co. is effectively responsible for 25% of such matters subsequent to the separation. Since Cendant's separation, Cendant has settled the majority of the lawsuits that were pending on the date of the separation.

On March 21, 2023, the California Office of Tax Appeals ("OTA") issued an opinion on a Cendant legacy tax matter involving Avis Budget Group related to a 1999 transaction. The matter concerned (i) whether the statute of limitations barred proposed assessment notices issued by the California Franchise Tax Board; and (ii) whether a transaction undertaken by the taxpayers for the 1999 tax year constituted a tax-free reorganization under the Internal Revenue Code. The OTA ruled in favor of the California Franchise Tax Board. During the second quarter of 2023 Cendant filed a petition for rehearing. On April 10, 2024, Cendant's petition was denied, and the Company is currently awaiting the final notice for the required payment, one third of which is the responsibility of Wyndham Hotels.

As of both June 30, 2024 and December 31, 2023, the Cendant separation and related liabilities were $24 million and $23 million, all of which were tax related liabilities. These liabilities are included within Accrued expenses and other liabilities on the Condensed Consolidated Balance Sheets.

***Matters Related to Wyndham Hotels***

In connection with the Spin-off on May 31, 2018, Travel + Leisure Co. entered into several agreements with Wyndham Hotels that govern the relationship of the parties following the separation including the Separation and Distribution Agreement, the Employee Matters Agreement, the Tax Matters Agreement, the Transition Services Agreement, and the License, Development and Noncompetition Agreement. The Transition Services Agreement ended in 2020.

The Company and Wyndham Hotels entered into a letter agreement during 2021 pursuant to which, among other things, Wyndham Hotels waived its right to enforce certain noncompetition covenants in the License, Development and Noncompetition Agreement.

In accordance with the agreements governing the relationship between Travel + Leisure Co. and Wyndham Hotels, Travel + Leisure Co. assumed two-thirds and Wyndham Hotels assumed one-third of certain contingent corporate liabilities of the Company incurred prior to the Spin-off, including liabilities of the Company related to certain terminated or divested businesses, certain general corporate matters, and any actions with respect to the separation plan. Likewise, Travel + Leisure Co. is entitled to receive two-thirds and Wyndham Hotels is entitled to receive one-third of the proceeds from certain contingent corporate assets of the Company arising prior to the Spin-off.

***Matters Related to the European Vacation Rentals Business***

In connection with the sale of the Company's European vacation rentals business to Awaze Limited ("Awaze"), formerly Compass IV Limited, an affiliate of Platinum Equity, LLC, the Company and Wyndham Hotels agreed to certain post-closing credit support for the benefit of certain credit card service providers, a British travel association, and certain regulatory authorities to allow them to continue providing services or regulatory approval to the business. Post-closing credit support may be called if the business fails to meet its primary obligation to pay amounts when due. Awaze has provided an indemnification to Travel + Leisure Co. in the event that the post-closing credit support is enforced or called upon.

At closing, the Company agreed to provide additional post-closing credit support to a British travel association and regulatory authority. An escrow was established at closing, of which $46 million was subsequently released in exchange for a secured bonding facility and a perpetual guarantee denominated in pound sterling of $46 million. The estimated fair value of the guarantee was $22 million as of June 30, 2024. The Company maintains a $7 million receivable from Wyndham Hotels for its portion of the guarantee.

In addition, the Company agreed to indemnify Awaze against certain claims and assessments, including income tax, value-added tax and other tax matters, related to the operations of the European vacation rentals business for the periods prior to the transaction. During the second quarter of 2023, one of the guarantees under this agreement expired resulting in the Company recognizing $5 million within Gain on disposal of discontinued business, net of income taxes, with an offsetting $2 million of expense, representing Wyndham Hotels one-third share, included within General and administrative expense on the Condensed Consolidated Statements of Income. During the second quarter of 2024, the remaining indemnifications expired which resulted in the recognitions of a $32 million Gain on disposal of discontinued business, net of taxes with an offsetting $12 million of expense, representing Wyndham Hotels one-third share, included within General and administrative expense on the Condensed Consolidated Statements of Income.

Wyndham Hotels provided certain post-closing credit support primarily for the benefit of a British travel association in the form of guarantees which are mainly denominated in pound sterling of up to £61 million ($81 million USD) on a perpetual basis. These guarantees totaled £31 million ($39 million USD) at June 30, 2024. Travel + Leisure Co. is responsible for two-thirds of these guarantees.

The estimated fair value of the guarantees and indemnifications for which Travel + Leisure Co. is responsible related to the sale of the European vacation rentals business at June 30, 2024, including the two-thirds portion related to guarantees provided by Wyndham Hotels, totaled $48 million and was recorded in Accrued expenses and other liabilities and total receivables of $7 million were included in Other assets on the Condensed Consolidated Balance Sheets, representing the portion of these guarantees and indemnifications for which Wyndham Hotels is responsible.

***Matters Related to the North American Vacation Rentals Business***

In connection with the sale of the North American vacation rentals business to Vacasa LLC (“Vacasa”), the Company agreed to indemnify Vacasa against certain claims and assessments, including income tax and other tax matters related to the operations of the North American vacation rentals business for the periods prior to the transaction. The estimated fair value of the indemnifications was $2 million, which was included in Accrued expenses and other liabilities on the Condensed Consolidated Balance Sheets at June 30, 2024.

**22. Related Party Transactions**

The Company occasionally sublets an aircraft from its former CEO and current Chairman of the Board of Directors for business travel through a timesharing arrangement. The Company incurred less than $1 million of expenses related to this timesharing arrangement during both the six months ended June 30, 2024 and 2023.

**23. Subsequent Event**

***Sierra Timeshare 2024-2 Receivables Funding LLC***

On July 22, 2024, the Company closed on a placement of a series of term notes payable, issued by Sierra Timeshare 2024-2 Receivables Funding LLC, with an initial principal amount of $375 million, secured by VOCRs and bearing interest at a weighted average coupon rate of 5.56%. The advance rate for this transaction was 96%.

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

### FORWARD-LOOKING STATEMENTS

This report includes "forward-looking statements" as that term is defined by the Securities and Exchange Commission ("SEC"). Forward-looking statements are any statements other than statements of historical fact, including statements regarding our expectations, beliefs, hopes, intentions or strategies regarding the future. In some cases, forward-looking statements can be identified by the use of words such as "may," "will," "expects," "should," "believes," "plans," "anticipates," "estimates," "predicts," "potential," "continue," "future," "outlook," or other words of similar meaning. Forward-looking statements are subject to risks and uncertainties that could cause actual results of Travel + Leisure Co. and its subsidiaries ("Travel + Leisure Co." or "we") to differ materially from those discussed in, or implied by, the forward-looking statements. Factors that might cause such a difference include, but are not limited to, risks associated with: the acquisition of the Travel + Leisure brand and the future prospects and plans for Travel + Leisure Co., including our ability to execute our strategies to grow our cornerstone timeshare and exchange businesses and expand into the broader leisure travel industry through our travel clubs; our ability to compete in the highly competitive timeshare and leisure travel industries; uncertainties related to acquisitions, dispositions and other strategic transactions; the health of the travel industry and declines or disruptions caused by adverse economic conditions (including inflation, higher interest rates, and recessionary pressures), terrorism or acts of gun violence, political strife, war (including hostilities in Ukraine and the Middle East), pandemics, and severe weather events and other natural disasters; adverse changes in consumer travel and vacation patterns, consumer preferences and demand for our products; increased or unanticipated operating costs and other inherent business risks; our ability to comply with financial and restrictive covenants under our indebtedness; our ability to access capital and insurance markets on reasonable terms, at a reasonable cost or at all; maintaining the integrity of internal or customer data and protecting our systems from cyber-attacks; the timing and amount of future dividends and share repurchases, if any; and those other factors disclosed as risks under "Risk Factors" in documents we have filed with the SEC, including in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the SEC on February 21, 2024. We caution readers that any such statements are based on currently available operational, financial and competitive information, and they should not place undue reliance on these forward-looking statements, which reflect management's opinion only as of the date on which they were made. Except as required by law, we undertake no obligation to review or update these forward-looking statements to reflect events or circumstances as they occur.

### BUSINESS AND OVERVIEW

We are a global provider of hospitality services and travel products and operate our business in the following two segments:

- **Vacation Ownership** — develops, markets and sells vacation ownership interests ("VOIs") to individual consumers, provides consumer financing in connection with the sale of VOIs, and provides property management services at resorts. This segment includes our Wyndham Destinations business line.
- **Travel and Membership** — operates a variety of travel businesses, including vacation exchange brands, travel technology platforms, travel memberships, and direct-to-consumer rentals. This segment is comprised of our Exchange and Travel Club business lines.

***Economic Conditions and Key Business Trends***

During the first half of 2024, our business saw strong demand for leisure travel which resulted in higher tours and Gross VOI sales at our Vacation Ownership business, as compared to the prior year. Our volume per guest ("VPGs") also continued to perform above pre-pandemic levels, despite VPG levels moderating in response to our strategic shift to increase our mix of new owners, which generally produce lower VPGs and lower close rates. This strategic shift was made to grow our pipeline of potential future owner upgrade sales.

The first half of 2024 also highlighted the impact of cost savings realized as a result of the strategic realignment of our Travel and Membership segment at the end of 2023. As a result of those cost saving initiatives we saw an increase in net income and Adjusted EBITDA at this segment despite a decrease in revenue as compared to the prior year. The Travel and Membership segment was also benefited by pricing increases which led to higher revenue per transaction and served to partially offset the impact of lower transactions, as compared to the prior year. Lower transactions compared to the prior year were primarily the result of an increasing mix of exchange members with a club affiliation, who have a lower transaction propensity.

While we continue to benefit from the changes we made to our marketing criteria to strengthen sales efficiencies and improve the performance of our vacation ownership contract receivables ("VOCR") portfolio, similar to a number of other companies, we are experiencing some pressure on our loan portfolio primarily due to an increase in delinquencies on loans with original FICO scores below 700. We expect this to continue to impact our loan loss provision for the remainder of the year.

While we are experiencing the benefits of positive demand trends, recent inflationary pressures, high interest rates, and risk of recession inherently result in uncertainty in business trends and consumer behavior. While higher interest rates negatively impacted our interest expense during the three and six months ended June 30, 2024, a trend we expect to peak in the third quarter of 2024, at the end of the first quarter and subsequent to the end of the second quarter, we closed on term securitizations with lower blended interest rates and higher advance rates than our securitization in the fourth quarter of 2023. Our Vacation Ownership business is benefited by the fact that the majority of our owners do not have loans and are therefore less dependent on economic conditions when making travel decisions. This business, and, to a greater extent, our Travel and Membership businesses are highly dependent on the health of the travel industry and we are subject to the other risks and uncertainties discussed in "*Risk Factors*" contained in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the SEC on February 21, 2024.

***Accor Vacation Club Acquisition***

On March 1, 2024, we acquired Accor Vacation Club for $50 million ($44 million net of cash acquired). The fair value of purchase consideration was comprised of $40 million net cash paid at closing and $4 million paid during the second quarter of 2024. Accor Vacation Club represents 24 resorts and nearly 30,000 members. This acquisition is expected to help the two companies establish a relationship to develop new timeshare products in the Asia Pacific, Middle East, Africa, and Türkiye regions under the Accor Vacation Club brand, leveraging the Travel + Leisure Co. global platform. Accor will receive a percentage of vacation ownership sales revenue as a licensing fee under the exclusive licensing agreement and we received the exclusive right to develop new vacation ownership clubs and products in the foregoing regions, utilizing the Accor Vacation Club brand. This acquisition is included within the Vacation Ownership segment. See Note 5—*Acquisitions* to the Condensed Consolidated Financial Statements for additional details.

***Pillar Two***

The Organization for Economic Co-operation and Development ("OECD"), continues to put forth various initiatives, including Pillar Two rules which include the introduction of a global minimum tax at a rate of 15%. European Union member states agreed to implement the OECD's Pillar Two rules with effective dates of January 1, 2024 and January 1, 2025, for different aspects of the directive and most have already enacted legislation. A number of other countries are also implementing similar legislation. As of June 30, 2024, based on the countries in which we do business that have enacted legislation effective January 1, 2024, the impact of these rules to our financial statements was not material. This may change as other countries enact similar legislation and further guidance is released. We continue to closely monitor regulatory developments to assess potential impacts.

**RESULTS OF OPERATIONS**

We have two reportable segments: Vacation Ownership and Travel and Membership. The reportable segments presented are those for which discrete financial information is available and which are utilized on a regular basis by our chief operating decision maker to assess performance and to allocate resources. In identifying the reportable segments, we also consider the nature of services provided by our operating segments. Management uses Adjusted EBITDA to assess the performance of the reportable segments. We define Adjusted EBITDA as net income from continuing operations before depreciation and amortization, interest expense (excluding consumer financing interest), early extinguishment of debt, interest income (excluding consumer financing revenues) and income taxes. Adjusted EBITDA also excludes stock-based compensation costs, separation and restructuring costs, legacy items, transaction costs for acquisitions and divestitures, asset impairments/recoveries, gains and losses on sale/disposition of business, and items that meet the conditions of unusual and/or infrequent. Legacy items include the resolution of and adjustments to certain contingent assets and liabilities related to acquisitions of continuing businesses and dispositions, including the separation of Wyndham Hotels & Resorts, Inc. ("Wyndham Hotels") and Cendant, and the sale of the vacation rentals businesses. We believe that Adjusted EBITDA is a useful measure of performance for our segments which, when considered with GAAP measures, we believe gives a more complete understanding of our operating performance. Our presentation of Adjusted EBITDA may not be comparable to similarly-titled measures used by other companies.

**OPERATING STATISTICS**

The table below presents our operating statistics for the three months ended June 30, 2024 and 2023. These operating statistics are the drivers of our revenues and therefore provide an enhanced understanding of our businesses. Refer to the Three Months Ended June 30, 2024 vs. Three Months Ended June 30, 2023 section for a discussion on how these operating statistics affected our business for the periods presented.

| | Three Months Ended June 30, | | |
|---|---|---|---|
| | **2024** | **2023** | **% Change [h]** |
| **Vacation Ownership [a]** | | | |
| Gross VOI sales (in millions) [b] [i] | $ 607 | $ 557 | 8.9 |
| Tours (in 000s) [c] | 192 | 170 | 12.7 |
| Volume per guest [d] | $ 3,051 | $ 3,150 | (3.1) |
| **Travel and Membership [a]** | | | |
| Transactions (in 000s) [e] | | | |
| Exchange | 220 | 236 | (6.5) |
| Travel Club | 179 | 180 | (0.9) |
| Total transactions | 399 | 416 | (4.1) |
| Revenue per transaction[f] | | | |
| Exchange | $ 366 | $ 359 | 1.9 |
| Travel Club | $ 251 | $ 229 | 9.9 |
| Total revenue per transaction | $ 315 | $ 303 | 4.0 |
| Average number of exchange members (in 000s) [g] | 3,450 | 3,502 | (1.5) |

(a) Includes the impact of acquisitions from the acquisition dates forward.
(b) Represents total sales of VOIs, including sales under the Fee-for-Service program before the effect of loan loss provisions. We believe that Gross VOI sales provides an enhanced understanding of the performance of our Vacation Ownership business because it directly measures the sales volume of this business during a given reporting period.
(c) Represents the number of tours taken by guests in our efforts to sell VOIs.
(d) VPG is calculated by dividing Gross VOI sales (excluding telesales and virtual sales) by the number of tours. We have excluded non-tour sales in the calculation of VPG because they are generated by a different marketing channel. We believe that VPG provides an enhanced understanding of the performance of our Vacation Ownership business because it directly measures the efficiency of this business' tour selling efforts during a given reporting period.
(e) Represents the number of exchanges and travel bookings recognized as revenue during the period, net of cancellations.
(f) Represents transaction revenue divided by transactions.
(g) Represents the average number of paid members in our vacation exchange programs who are considered to be in good standing, during a given reporting period.
(h) Percentage change may not calculate due to rounding.
(i) The following table provides a reconciliation of Vacation ownership interest sales, net to Gross VOI sales for the three months ended June 30, 2024 and 2023 (in millions):

| | **2024** | **2023** |
|---|---|---|
| Vacation ownership interest sales, net | $ 441 | $ 401 |
| Loan loss provision | 113 | 86 |
| Gross VOI sales, net of Fee-for-Service sales | 554 | 487 |
| Fee-for-Service sales [1] | 53 | 70 |
| Gross VOI sales | $ 607 | $ 557 |

(1) Represents total sales of VOIs through our Fee-for-Service programs where inventory is sold through our sales and marketing channels for a commission. There were $27 million and $41 million of Fee-for-Service commission revenues for the three months ended June 30, 2024 and 2023. These commissions are reported within Service and membership fees on the Condensed Consolidated Statements of Income.

**THREE MONTHS ENDED JUNE 30, 2024 VS. THREE MONTHS ENDED JUNE 30, 2023**

Our consolidated results are as follows (in millions):

| | Three Months Ended June 30, | | |
|---|---|---|---|
| | 2024 | 2023 | Favorable/(Unfavorable) |
| Net revenues | $ 985 | $ 949 | $ 36 |
| Expenses | 796 | 766 | (30) |
| Operating income | 189 | 183 | 6 |
| Interest expense | 63 | 61 | (2) |
| Interest (income) | (3) | (3) | — |
| Other (income), net | (4) | — | 4 |
| Income before income taxes | 133 | 125 | 8 |
| Provision for income taxes | 36 | 36 | — |
| Net income from continuing operations | 97 | 89 | 8 |
| Gain on disposal of discontinued business, net of income taxes | 32 | 5 | 27 |
| Net income attributable to Travel + Leisure Co. shareholders | $ 129 | $ 94 | $ 35 |

Net revenues increased $36 million for the three months ended June 30, 2024, compared with the same period last year. This increase in net revenues was unfavorably impacted by foreign currency of $1 million (0.1%). Excluding the impacts of foreign currency, the increase in net revenues was primarily the result of:

- $39 million of increased revenues at our Vacation Ownership segment primarily due to an increase in net VOI sales as a result of increased tours, partially offset by a decrease in VPG due to a higher mix of new owners which generally produce lower VPGs, and lower close rates; increased consumer financing revenues primarily due to a higher average portfolio balance; and higher property management revenues resulting from higher property management fees; partially offset by a decrease in commission revenues due to the lower volume of VOI Fee-for-Service sales as a result of fewer commitments; and
- $1 million of decreased revenues at our Travel and Membership segment primarily due to a decrease in subscription revenue and lower transactions, partially offset by increased revenue per transaction resulting from price increases.

Expenses increased $30 million for the three months ended June 30, 2024, compared with the same period last year. This increase in expenses, excluding immaterial foreign currency impacts, was primarily the result of:

- $17 million increase in sales and commission expenses at the Vacation Ownership segment due to higher gross VOI sales, net of Fee-for-Service sales;
- $17 million increase in marketing costs in support of increased tour flow and new owner mix;
- $14 million increase in general and administrative expenses driven by $12 million of legacy expense related to the reversal of a receivable that represented Wyndham Hotels one-third portion of a guarantee associated with the sale of the European vacation rentals business, which expired during the quarter; and a
- $6 million increase in consumer financing interest expense primarily due to an increased weighted average coupon rate and higher average non-recourse debt balance.

These increases were partially offset by an $11 million decrease in cost of VOIs sold primarily due to product mix, $11 million decrease in restructuring charges, and a $9 million decrease in sales and commission expense for VOI Fee-for-Service sales due to lower volume.

Interest expense increased $2 million for the three months ended June 30, 2024 compared with the same period last year primarily due to a higher average outstanding debt balance and higher interest rates on variable borrowings.

Other income increased $4 million for the three months ended June 30, 2024 compared with the same period last year primarily due to asset sales during the current period.

Our effective tax rates were 27.4% and 29.1% during the three months ended June 30, 2024 and 2023. The effective tax rate for the three months ended June 30, 2024, was primarily impacted by an increase in foreign taxes and an increase in unrecognized tax benefits. The effective tax rate for the three months ended June 30, 2023, was primarily impacted by an increase in state taxes due to state legislative changes and an increase to the valuation allowance on foreign tax credits.

Gain on disposal of discontinued business, net of income taxes was $32 million and $5 million during the three months ended June 30, 2024 and 2023, resulting from the release of expired guarantees related to the sale of the European vacation rentals business.

As a result of these items, Net income attributable to Travel + Leisure Co. shareholders increased $35 million for the three months ended June 30, 2024 as compared to the same period last year.

Our segment results are as follows (in millions):

| | Three Months Ended June 30, | |
|---|---|---|
| **Net revenues** | **2024** | **2023** |
| Vacation Ownership | $ 807 | $ 768 |
| Travel and Membership | 177 | 179 |
| Total reportable segments | 984 | 947 |
| Corporate and other [(a)] | 1 | 2 |
| Total Company | $ 985 | $ 949 |

| | Three Months Ended June 30, | |
|---|---|---|
| **Reconciliation of Net income to Adjusted EBITDA** | **2024** | **2023** |
| Net income attributable to Travel + Leisure Co. shareholders | $ 129 | $ 94 |
| Gain on disposal of discontinued business, net of income taxes | (32) | (5) |
| Interest expense | 63 | 61 |
| Interest (income) | (3) | (3) |
| Provision for income taxes | 36 | 36 |
| Depreciation and amortization | 28 | 28 |
| Legacy items | 12 | 2 |
| Stock-based compensation | 11 | 12 |
| Restructuring | — | 11 |
| Adjusted EBITDA | $ 244 | $ 236 |

| | Three Months Ended June 30, | |
|---|---|---|
| **Adjusted EBITDA** | **2024** | **2023** |
| Vacation Ownership | $ 206 | $ 187 |
| Travel and Membership | 62 | 62 |
| Total reportable segments | 268 | 249 |
| Corporate and other [(a)] | (24) | (13) |
| Total Company | $ 244 | $ 236 |

(a) Includes the elimination of transactions between segments.

***Vacation Ownership***

Net revenues increased $39 million and Adjusted EBITDA increased $19 million during the three months ended June 30, 2024, compared with the same period of 2023. The increases in net revenue and Adjusted EBITDA were not materially impacted by foreign currency.

The net revenue increase, excluding immaterial foreign currency impacts, was primarily driven by:

- $67 million increase in gross VOI sales, net of Fee-for-Service sales, due to a 12.7% increase in tours, partially offset by a 3.1% decrease in VPG due to a higher mix of new owner tours (57% in the current period compared to 52% in the same period of 2023) which generally produce lower VPGs and lower close rates;
- $8 million increase in consumer financing revenues primarily due to a higher average portfolio balance; and
- $5 million increase in property management revenues primarily due to higher management fees.

These increases were partially offset by a $26 million increase in our provision for loan losses primarily due to higher net originations and a $15 million decrease in commission revenues due to the lower volume of VOI Fee-for-Service sales as a result of fewer commitments.

In addition to the net revenue change explained above, Adjusted EBITDA was further impacted by a:

- $20 million increase in marketing costs in support of increased tour flow and new owner mix;
- $17 million increase in sales and commission expenses due to higher gross VOI sales, net of Fee-for-Service sales;
- $6 million increase in consumer financing interest expense primarily due to an increased weighted average coupon rate and higher average non-recourse debt balance; and
- $2 million increase in property management expenses due to higher resort operating costs and expenses.

These increases were partially offset by:

- $11 million decrease in cost of VOIs sold primarily due to product mix;
- $9 million decrease in sales and commission expense for VOI Fee-for-Service sales due to lower volume; and a
- $4 million decrease in general and administrative expenses primarily due to lower professional fees.

***Travel and Membership***

Net revenues decreased $2 million and Adjusted EBITDA was flat during the three months ended June 30, 2024, compared with the same period of 2023. The net revenues decrease was unfavorably impacted by foreign currency of $1 million (0.6%) and Adjusted EBITDA was not materially impacted by foreign currency.

The decrease in net revenues was primarily driven by a $1 million decrease in subscription revenue and lower transactions, partially offset by increased revenue per transaction resulting from price increases. Subscription revenue and transactions were impacted by an increasing mix of exchange members with a club affiliation who have a lower transaction propensity.

In addition to the net revenue decrease explained above, Adjusted EBITDA was positively impacted by a $3 million decrease in marketing costs and a $2 million decrease in other operating costs which were partially offset by a $3 million increase in cost of sales due to a heavier weighting of rentals.

***Corporate and other***

For the three months ended June 30, 2024 compared to the same period of 2023, Corporate and other net revenue decreased $1 million and Adjusted EBITDA decreased $11 million. The decreases in net revenue and Adjusted EBITDA were not materially impacted by foreign currency.

The decrease in net revenue was related to fees charged for managing an insurance program on behalf of homeowners associations.

In addition to the net revenue decrease described above, Adjusted EBITDA was further impacted by $8 million of higher general and administrative costs primarily due to higher employee related costs and professional fees.

**SIX MONTHS ENDED JUNE 30, 2024 VS. SIX MONTHS ENDED JUNE 30, 2023**

Our consolidated results are as follows (in millions):

| | Six Months Ended June 30, | | |
|---|---|---|---|
| | 2024 | 2023 | Favorable/(Unfavorable) |
| Net revenues | $ 1,900 | $ 1,829 | $ 71 |
| Expenses | 1,561 | 1,505 | (56) |
| Loss on sale of business | — | 2 | 2 |
| Operating income | 339 | 322 | 17 |
| Interest expense | 127 | 119 | (8) |
| Other (income), net | (5) | (1) | 4 |
| Interest (income) | (8) | (6) | 2 |
| Income before income taxes | 225 | 210 | 15 |
| Provision for income taxes | 62 | 58 | (4) |
| Net income from continuing operations | 163 | 152 | 11 |
| Gain on disposal of discontinued business, net of income taxes | 32 | 5 | 27 |
| Net income attributable to Travel + Leisure Co. shareholders | $ 195 | $ 157 | $ 38 |

Net revenues increased $71 million for the six months ended June 30, 2024 compared with the same period last year. This increase was unfavorably impacted by foreign currency of $2 million (0.1%). Excluding the impacts of foreign currency, the increase in net revenues was primarily the result of:

- $82 million of increased revenues at our Vacation Ownership segment primarily due to an increase in net VOI sales as a result of increased tours, partially offset by a decrease in VPG due to higher mix of new owner tours which generally produce lower VPGs, and lower close rates; higher property management revenues resulting from higher property management fees and reimbursable revenues; and an increase in consumer financing revenues primarily due to a higher average portfolio balance; partially offset by a decrease in commission revenues due to the lower volume of VOI Fee-for-Service sales as a result of fewer commitments. This increase in revenues was partially offset by
- $9 million of decreased revenues at our Travel and Membership segment driven by lower transactions, partially offset by increased revenue per transaction resulting from price increases.

Expenses increased $56 million for the six months ended June 30, 2024 compared with the same period last year and was favorably impacted by foreign currency of $2 million (0.1%). Excluding the impacts of foreign currency, the increase in expenses was primarily due to:

- $27 million increase in sales and commission expenses at the Vacation Ownership segment due to higher gross VOI sales, net of Fee-for-Service sales;
- $27 million increase in marketing costs in support of increased tour flow, and new owner mix;
- $15 million increase in property management expenses due to higher reimbursable resort operating costs and expenses; and a
- $14 million increase in consumer financing interest expense primarily due to a higher average non-recourse debt balance and increased weighted average coupon rate.

These increases were partially offset by a:

- $12 million decrease in sales and commission expenses for VOI Fee-for-Service sales due to lower volume;
- $11 million decrease in restructuring charges; and an
- $8 million decrease in the cost of VOIs sold primarily due to product mix, partially offset by increased sales volume.

We recognized a loss on sale of business of $2 million during the six months ended June 30, 2023 resulting from the sale of the Love Home Swap business.

Other income, net of other expense increased $4 million for the six months ended June 30, 2024, compared with the same period last year, primarily due to asset sales and dividend income during the current period.

Interest expense increased $8 million for the six months ended June 30, 2024 compared with the same period last year, primarily due to a higher average outstanding debt balance and higher interest rates on variable borrowings.

Interest income increased $2 million for the six months ended June 30, 2024 compared with the same period last year primarily due to higher interest rates.

Our effective tax rates were 27.9% and 27.6% for the six months ended June 30, 2024 and 2023. The effective tax rate for the six months ended June 30, 2024 was primarily impacted by the portion of stock-based compensation expense that is not deductible for tax purposes. The effective tax rate for the six months ended June 30, 2023, was primarily impacted by an increase to the valuation allowance on foreign tax credits and the portion of stock-based compensation expense that is not deductible for tax purposes, partially offset by a decrease in unrecognized tax benefits.

Gain on disposal of discontinued business, net of income taxes was $32 million and $5 million during the six months ended June 30, 2024 and 2023, primarily resulting from the release of expired guarantees related to the sale of the European vacation rentals business.

As a result of these items, Net income attributable to Travel + Leisure Co. shareholders increased $38 million for the six months ended June 30, 2024 as compared to the same period last year.

Our segment results are as follows (in millions):

| | Six Months Ended June 30, | |
|---|---|---|
| **Net Revenues** | **2024** | **2023** |
| Vacation Ownership | $ 1,533 | $ 1,453 |
| Travel and Membership | 370 | 379 |
| Total reportable segments | 1,903 | 1,832 |
| Corporate and other [(a)] | (3) | (3) |
| Total Company | $ 1,900 | $ 1,829 |

| | Six Months Ended June 30, | |
|---|---|---|
| **Reconciliation of Net income to Adjusted EBITDA** | **2024** | **2023** |
| Net income attributable to Travel + Leisure Co. shareholders | $ 195 | $ 157 |
| Gain on disposal of discontinued business, net of income taxes | (32) | (5) |
| Interest expense | 127 | 119 |
| Interest (income) | (8) | (6) |
| Provision for income taxes | 62 | 58 |
| Depreciation and amortization | 56 | 55 |
| Stock-based compensation | 20 | 22 |
| Legacy items | 13 | 7 |
| Acquisition and divestiture related costs | 2 | — |
| Restructuring | — | 11 |
| Loss on sale of business [(b)] | — | 2 |
| Adjusted EBITDA | $ 435 | $ 420 |

| | Six Months Ended June 30, | |
|---|---|---|
| **Adjusted EBITDA** | **2024** | **2023** |
| Vacation Ownership | $ 340 | $ 319 |
| Travel and Membership | 137 | 133 |
| Total reportable segments | 477 | 452 |
| Corporate and other [(a)] | (42) | (32) |
| Total Company | $ 435 | $ 420 |

(a) Includes the elimination of transactions between segments.
(b) Represents the loss on sale of the Love Home Swap business.

***Vacation Ownership***

Net revenues increased $80 million and Adjusted EBITDA increased $21 million during the six months ended June 30, 2024 compared with the same period of 2023. The net revenue increase was unfavorably impacted by foreign currency of $2 million (0.1%) and the Adjusted EBITDA increase was not materially impacted by foreign currency.

The net revenue increase excluding the impact of foreign currency was primarily driven by:

- $106 million increase in gross VOI sales, net of Fee-for-Service sales, due to a 13.6% increase in tours, partially offset by a 4.2% decrease in VPG due to higher mix of new owner tours (56% in the current year compared to 50% in the same period of 2023) which generally produce lower VPGs and lower close rates;
- $18 million increase in property management revenues primarily due to higher management fees and reimbursable revenues; and
- $15 million increase in consumer financing revenues primarily due to a higher average portfolio balance.

These increases were partially offset by a $33 million increase in our provision for loan losses primarily due to higher gross VOI sales, net of Fee-for-Service sales, and a $22 million decrease in commission revenues due to the lower volume of VOI Fee-for-Service sales as a result of fewer commitments.

In addition to the net revenue change explained above, Adjusted EBITDA was further impacted by a:

- $35 million increase in marketing costs in support of increased tour flow and new owner mix;
- $27 million increase in sales and commission expenses due to higher gross VOI sales, net of Fee-for-Service sales;
- $15 million increase in property management expenses due to higher reimbursable resort operating costs and expenses; and
- $14 million increase in consumer financing interest expense primarily due to a higher average non-recourse debt balance and increased weighted average coupon rate.

These increases were partially offset by:

- $12 million decrease in sales and commission expense for VOI Fee-for-Service sales due to lower volume;
- $9 million decrease in general and administrative expenses due to decreased information technology expenses and professional fees; and
- $8 million decrease in the cost of VOIs sold primarily due to product mix, partially offset by increased sales volume.

***Travel and Membership***

Net revenues decreased $9 million and Adjusted EBITDA increased $4 million during the six months ended June 30, 2024 compared with the same period of 2023. The net revenue decrease and the Adjusted EBITDA increase were not materially impacted by foreign currency.

The decrease in net revenues was primarily driven by lower transactions, partially offset by increased revenue per transaction resulting from price increases. Transactions were impacted by an increasing mix of exchange members with a club affiliation who have a lower transaction propensity.

In addition to the revenue change explained above, Adjusted EBITDA was further impacted by:

- $8 million decrease in marketing costs;
- $7 million of cost savings driven by the strategic restructuring of this segment; which focused on enhancing organizational efficiency and rationalizing operations, including $4 million of general and administrative savings and $3 million of other operating cost savings; partially offset by a
- $3 million increase in cost of sales due to a heavier weighting of rentals.

***Corporate and other***

For the six months ended June 30, 2024 Corporate and other net revenue was flat between periods and Adjusted EBITDA decreased $10 million compared to 2023. These amounts were not materially impacted by foreign currency.

Corporate and other net revenue was impacted by a $2 million decrease in eliminated transactions between segments, partially offset by a $2 million decrease related to fees charged for managing an insurance program on behalf of homeowners associations.

In addition to the impacts described above, Adjusted EBITDA was further impacted by $10 million of higher general and administrative costs driven by higher employee related costs.

## RESTRUCTURING PLANS

***2023 Restructuring Plan***

We incurred $26 million of charges during 2023 associated with the 2023 restructuring plan. This action was primarily focused on enhancing organizational efficiency and rationalizing operations. These charges included personnel-related costs resulting from a reduction of approximately 250 employees and other expenses. As part of this restructuring plan, we also decided to decrease our facilities by closing our owned office in Indianapolis, Indiana, and exiting other leased locations. The charges consisted of (i) $11 million of personnel-related costs at the Travel and Membership segment, (ii) $9 million of personnel-related costs and $1 million of lease costs at the Vacation Ownership segment, and (iii) $5 million of personnel-related costs at our corporate operations. These restructuring charges included $2 million of accelerated stock-based compensation expense. As of December 31, 2023, this restructuring liability was $15 million. This liability was reduced by $11 million of cash payments during the six months ended June 30, 2024. The remaining 2023 restructuring liability of $4 million is expected to be paid by the end of 2025.

We also have plans implemented prior to 2023, for which we made $3 million of cash payments during the six months ended June 30, 2024. See Note 20—*Restructuring* to the Condensed Consolidated Financial Statements for additional details of these restructuring activities.

## FINANCIAL CONDITION

| (In millions) | June 30, 2024 | December 31, 2023 | Change |
|---|---|---|---|
| Total assets | $ 6,693 | $ 6,738 | $ (45) |
| Total liabilities | $ 7,577 | $ 7,655 | $ (78) |
| Total (deficit) | $ (884) | $ (917) | $ 33 |

Total assets decreased by $45 million from December 31, 2023 to June 30, 2024, primarily due to:

- $116 million decrease in Cash and cash equivalents driven by payment of the $300 million 5.65% notes which were due in April of 2024, $94 million of share repurchases, $73 million of dividend payments, $71 million of net repayments on non-recourse debt, $44 million of net payments related to the acquisition of Accor Vacation Club, and $38 million of property and equipment additions, partially offset by $304 million of net borrowings on the revolving credit facility and $221 million of net cash provided by operating activities; and a
- $59 million decrease in Property and equipment, net driven by $56 million of net transfers of completed VOI inventory to Inventory.

These decreases were partially offset by:

- $71 million increase in Inventory driven by $69 million of inventory additions, including $9 million from the acquisition of Accor Vacation Club, $56 million of net transfers of completed VOI inventory from property and equipment, and an offset of $55 million for the sale of VOI inventory;
- $35 million increase in Vacation ownership contract receivables, net driven by $728 million of VOI originations, partially offset by $493 million of principal collections and net provision for loan losses of $191 million;
- $23 million increase in Prepaid expenses driven by a $14 million increase in prepaid maintenance due to timing of contract renewals and a $11 million increase in prepaid marketing expenses; and a
- $17 million increase in Other intangibles, net resulting from the acquisition of Accor Vacation Club.

Total liabilities decreased by $78 million from December 31, 2023 to June 30, 2024, primarily due to:

- $71 million decrease in Non-recourse vacation ownership debt, primarily due to net repayments;
- $23 million decrease in Accounts payable due to timing of invoice payments; and a
- $19 million decrease in Accrued expenses and other liabilities due to the release of a $36 million accrual related to the expiration of certain guarantees associated with the European vacation rentals business, partially offset by timing of insurance renewal premium payments.

These decreases were partially offset by a $22 million increase in Deferred income taxes primarily driven by installment sales.

Total deficit decreased $33 million from December 31, 2023 to June 30, 2024, primarily due to $195 million of Net income attributable to Travel + Leisure Co. shareholders and a $19 million increase in Additional paid-in-capital primarily due to stock-based compensation, partially offset by $95 million of share repurchases, $73 million of dividends, and $12 million of unfavorable currency translation adjustments driven by fluctuations in exchange rates, primarily the Australian dollar, Euro, Brazilian real, and the British pound sterling.

**LIQUIDITY AND CAPITAL RESOURCES**

We believe that we have sufficient sources of liquidity to meet our expected ongoing short-term and long-term cash needs, including capital expenditures, operational and/or strategic opportunities, and expenditures for human capital, intellectual property, contractual obligations, off-balance sheet arrangements, and other such requirements. Our net cash from operations and cash and cash equivalents are key sources of liquidity along with our revolving credit facility, bank conduit facilities, and continued access to debt markets. We believe these anticipated sources of liquidity are sufficient to meet our expected ongoing short-term and long-term cash needs, including the repayment of our 2018 Term Loan B facility due in May 2025. Our discussion below highlights these sources of liquidity and how they have been utilized to support our cash needs.

*Cash and Cash Equivalents*

As of June 30, 2024, we had $166 million of Cash and cash equivalents, which includes highly-liquid investments with an original maturity of three months or less.

*$1.0 Billion Revolving Credit Facility*

We generally utilize our revolving credit facility to finance our short-term to medium-term business operations, as needed; and on occasion to make certain repayments of debt. The facility expires in October 2026 and had $694 million of available capacity as of June 30, 2024.

The revolving credit facility and term loan B facilities are subject to covenants including the maintenance of specific financial ratios as defined in the credit agreement. The financial ratio covenants consist of a minimum interest coverage ratio of no less than 2.50 to 1.0 as of the measurement date and a maximum first lien leverage ratio not to exceed 4.25 to 1.0 as of the measurement date. The interest coverage ratio is calculated by dividing consolidated EBITDA (as defined in the credit agreement) by consolidated interest expense (as defined in the credit agreement), both as measured on a trailing 12-month basis preceding the measurement date. The first lien leverage ratio is calculated by dividing consolidated first lien debt (as defined in the credit agreement) as of the measurement date by consolidated EBITDA (as defined in the credit agreement) as measured on a trailing 12-month basis preceding the measurement date. Our first lien leverage ratio determines the interest rate spread on revolver borrowings and fees associated with letters of credit, which subjects them to fluctuation.

As of June 30, 2024, our interest coverage ratio was 4.15 to 1.0 and our first lien leverage ratio was 3.50 to 1.0. These ratios do not include interest expense or indebtedness related to any qualified securitization financing (as defined in the credit agreement). As of June 30, 2024, we were in compliance with the financial covenants described above.

On March 30, 2023, we entered into the fourth amendment to the credit agreement governing our revolving credit facility and term loan B facilities. Through this amendment we exercised our early opt-in election to change the benchmark rate on the revolving credit facility and the 2018 Term Loan B Facility due May 2025 from the USD London Interbank Offered Rate ("LIBOR") to the Term Secured Overnight Financing Rate ("SOFR"). This change became effective on March 31, 2023, for both new borrowings and rollovers of then existing USD LIBOR based borrowings (except Base Rate borrowings) and eliminated our exposure to LIBOR.

*Secured Notes and Term Loan B facilities*

We generally utilize borrowing via secured note issuances to meet our long-term financing needs. During 2022, we entered into the third amendment to the credit agreement governing our revolving credit facility and the original 2018 Term Loan B facility which provided for the 2022 Incremental Term Loan B facility of $300 million due 2029. On December 20, 2023, we further amended the credit agreement governing our revolving credit facility and term loan B facilities ("Fifth Amendment"). The Fifth Amendment refinanced $298 million of outstanding borrowings under the 2022 Incremental Term, with a 75 basis point rate reduction; and included additional borrowings of $300 million. This new 2023 Incremental Term Loan B facility matures on December 14, 2029. These transactions reinforce our expectation that we will maintain adequate liquidity for the next year and beyond.

As of June 30, 2024, we had $3.25 billion of outstanding borrowings under our secured notes and term loan B facilities with maturities ranging from 2025 to 2030. During the second quarter of 2024, we used net proceeds from the 2023 Incremental Term Loan B Facility, together with available cash on hand and revolving credit facility borrowings, to repay our outstanding $300 million 5.65% secured notes that came due April 2024 and related fees and expenses.

*Non-recourse Vacation Ownership Debt*

Our Vacation Ownership business finances certain of its VOCRs through (i) asset-backed conduit facilities and (ii) term asset-backed securitizations, all of which are non-recourse to us with respect to principal and interest. For the securitizations, we pool qualifying VOCRs and sell them to bankruptcy-remote entities, all of which are consolidated into the accompanying Condensed Consolidated Balance Sheets. We plan to continue using these sources to finance certain VOCRs. We believe that our USD bank conduit facility with a term through September 2025 and our AUD/NZD bank conduit facility, with a term through December 2024, amounting to a combined capacity of $749 million ($342 million available as of June 30, 2024) along with our ability to issue term asset-backed securities, provides sufficient liquidity to finance the sale of VOIs beyond the next year.

We closed on securitization financings of $350 million during the six months ended June 30, 2024 and subsequent to the end of the quarter, we closed on additional securitization financings of $375 million. During the full year of 2023, we closed on $1.09 billion of securitization financings. These transactions positively impacted our liquidity and reinforce our expectation that we will maintain adequate liquidity for the next year and beyond.

Our liquidity position may be negatively affected by unfavorable conditions in the capital markets in which we operate or if our VOCR portfolios do not meet specified portfolio credit parameters. Our liquidity, as it relates to our VOCR securitization program, could be adversely affected if we were to fail to renew or replace our conduit facilities on their expiration dates, or if a particular receivables pool were to fail to meet certain ratios, which could occur in certain instances if the default rates or other credit metrics of the underlying VOCRs deteriorate. Our ability to sell securities backed by our VOCRs depends on the continued ability and willingness of capital market participants to invest in such securities.

Each of our non-recourse securitized term notes and the bank conduit facilities contain various triggers relating to the performance of the applicable loan pools. If the VOCR pool that collateralizes one of our securitization notes fails to perform within the parameters established by the contractual triggers (such as higher default or delinquency rates), there are provisions pursuant to which the cash flows for that pool will be maintained in the securitization as extra collateral for the note holders or applied to accelerate the repayment of outstanding principal to the note holders. As of June 30, 2024, all of our securitized loan pools were in compliance with applicable contractual triggers.

We may, from time to time, depending on market conditions and other factors, repurchase our outstanding indebtedness, whether or not such indebtedness trades above or below its face amount, for cash and/or in exchange for other securities or other consideration, in each case in open market purchases and/or privately negotiated transactions.

For additional details regarding our credit facilities, term loan B facilities, and non-recourse debt see Note 10—*Debt* to the Condensed Consolidated Financial Statements.

*Material Cash Requirements*

The following table summarizes material future contractual obligations of our continuing operations as of June 30, 2024 (in millions). We plan to fund these obligations, along with our other cash requirements, with net cash from operations, cash and cash equivalents, and through the use of our revolving credit facilities, bank conduit facilities, and continued access to debt markets.

| | 7/1/24 - 6/30/25 | 7/1/25 - 6/30/26 | 7/1/26 - 6/30/27 | 7/1/27 - 6/30/28 | 7/1/28 - 6/30/29 | Thereafter | Total |
|---|---|---|---|---|---|---|---|
| Debt [a] | $ 297 | $ 362 | $ 1,364 | $ 7 | $ 6 | $ 1,565 | $ 3,601 |
| Non-recourse debt [b] | 229 | 488 | 194 | 200 | 198 | 712 | 2,021 |
| Interest on debt [c] | 347 | 287 | 192 | 155 | 144 | 68 | 1,193 |
| Purchase commitments [d] | 250 | 165 | 118 | 96 | 44 | 26 | 699 |
| Operating leases | 29 | 21 | 15 | 13 | 11 | 8 | 97 |
| Total [e] | $ 1,152 | $ 1,323 | $ 1,883 | $ 471 | $ 403 | $ 2,379 | $ 7,611 |

(a) Represents required principal payments on notes, term loans, and finance leases.
(b) Represents required principal payments on debt that is securitized through bankruptcy-remote special purpose entities; the creditors of which have no recourse to us for principal and interest.
(c) Includes interest on debt and non-recourse debt; estimated using the stated interest rates.
(d) Includes $534 million for marketing-related activities and $109 million for information technology activities.
(e) Excludes a $32 million liability for unrecognized tax benefits as it is not reasonably estimable to determine the periods in which such liability would be settled with the respective tax authorities.

In addition to the amounts shown in the table above and in connection with our separation from Cendant, we entered into certain guarantee commitments with Cendant (pursuant to our assumption of certain liabilities and our obligation to indemnify Cendant, Realogy (now Anywhere Real Estate Inc.), and Travelport for such liabilities) and guarantee commitments related to deferred compensation arrangements with Cendant and Realogy. We also entered into certain guarantee commitments and indemnifications related to the sale of our vacation rentals businesses. For information on matters related to our former parent and subsidiaries see Note 21—*Transactions with Former Parent and Former Subsidiaries* to the Condensed Consolidated Financial Statements.

In addition to the key contractual obligation and separation related commitments described above, we also utilize surety bonds in our Vacation Ownership business for sales and development transactions in order to meet regulatory requirements of certain states. In the ordinary course of our business, we have assembled commitments from 13 surety providers in the amount of $2.38 billion, of which we had $555 million outstanding as of June 30, 2024. The availability, terms and conditions and pricing of bonding capacity are dependent on, among other things, continued financial strength and stability of the insurance company affiliates providing the bonding capacity, general availability of such capacity, and our corporate credit rating. If the bonding capacity is unavailable or, alternatively, the terms and conditions and pricing of the bonding capacity are unacceptable to us, our Vacation Ownership business could be negatively impacted.

As of June 30, 2024, our secured debt is rated Ba3 with a “stable outlook” by Moody’s Investors Service, Inc., BB- with a “stable outlook” by Standard & Poor’s Rating Services, and BB+ with a “stable outlook” by Fitch Rating Agency. A security rating is not a recommendation to buy, sell or hold securities and is subject to revision or withdrawal by the assigning rating organization. Reference in this report to any such credit rating is intended for the limited purpose of discussing or referring to aspects of our liquidity and of our costs of funds. Any reference to a credit rating is not intended to be any guarantee or assurance of, nor should there be any undue reliance upon, any credit rating or change in credit rating, nor is any such reference intended as any inference concerning future performance, future liquidity, or any future credit rating.

**CASH FLOW**

The following table summarizes the changes in cash, cash equivalents, and restricted cash during the six months ended June 30, 2024 and 2023 (in millions):

| **Cash provided by/(used in)** | **2024** | **2023** | **Change** |
|---|---|---|---|
| Operating activities: | $ 221 | $ 110 | $ 111 |
| Investing activities: | (81) | (33) | (48) |
| Financing activities: | (261) | (386) | 125 |
| Effects of changes in exchange rates on cash and cash equivalents | (5) | (1) | (4) |
| Net change in cash, cash equivalents and restricted cash | $ (126) | $ (310) | $ 184 |

***Operating Activities***

Net cash provided by operating activities was $221 million for the six months ended June 30, 2024, compared to $110 million in the prior year. This $111 million increase was primarily attributable to a decrease in cash utilized for working capital mainly due to timing of tax payments and prepaid service contracts.

***Investing Activities***

Net cash used in investing activities from continuing operations increased $48 million during the six months ended June 30, 2024. This increase is primarily due to $44 million paid for the acquisition of Accor Vacation Club and a $10 million increase in property and equipment additions.

***Financing Activities***

Net cash used in financing activities decreased $125 million during the six months ended June 30, 2024, compared to the prior year. This decrease was primarily due to a $108 million decrease in share repurchases and a $99 million decrease in net repayments on the term loan facilities and notes in the current period, partially offset by a $90 million decrease in net proceeds from the revolving credit facility.

***Capital Deployment***

We focus on deploying capital for the highest possible returns. Ultimately, our business objective is to grow our business while optimizing cash flow and Adjusted EBITDA. We intend to continue to invest in select capital and technological improvements across our business. We also regularly consider a wide array of potential acquisitions and other strategic transactions, including acquisitions of businesses and real property, joint ventures, business combinations, strategic investments and dispositions. Any of these transactions could be material to our business. As part of this strategy, we have made, and expect to continue to make, proposals and enter into non-binding letters of intent, allowing us to conduct due diligence on a confidential basis. A potential transaction contemplated by a letter of intent may never reach the point where we enter into a definitive agreement, nor can we predict the timing of such a potential transaction. Finally, we intend to continue to return value to shareholders through the repurchase of common stock and payment of dividends. All future declarations of quarterly cash dividends and increases to the capacity of our share repurchase program are subject to final approval by the Board of Directors.

During the six months ended June 30, 2024, we spent $57 million on vacation ownership development projects (inventory). We believe that our existing Vacation Ownership business currently has adequate finished inventory to support vacation ownership sales for several years. As such, we expect to remain below historical levels of spending for vacation ownership development projects in 2024 with anticipated spending between $105 million and $130 million. As we add new brands to our existing portfolio, our spending may increase commensurate with the sales associated with these brands.

During the six months ended June 30, 2024, we spent $38 million on capital expenditures, primarily for information technology and sales center improvement projects. During 2024, we anticipate spending between $90 million and $100 million on capital expenditures, primarily for continuation of information technology digital initiatives, sales center facility and related system enhancements, resort improvements, and new administrative office buildings.

In connection with our focus on optimizing cash flow, we are continuing our asset-light efforts in vacation ownership by seeking opportunities with financial partners whereby they make strategic investments to develop assets on our behalf. We refer to this as Just-in-Time. The partner may invest in new ground-up development projects or purchase from us, for cash, existing in-process inventory which currently resides on our Condensed Consolidated Balance Sheets. The partner will complete the development of the project and we may purchase finished inventory at a future date as needed or as obligated under the agreement.

We expect that the majority of the expenditures that will be required to pursue our capital spending programs, strategic investments, and vacation ownership development projects will be financed with cash flow generated through operations and cash and cash equivalents. We expect that additional expenditures will be financed with general secured corporate borrowings, including through the use of available capacity under our revolving credit facility.

***Share Repurchase Program***

On August 20, 2007, our Board of Directors authorized a share repurchase program that enables us to purchase our common stock. As of June 30, 2024, the Board of Directors has increased the capacity of the program 10 times, most recently in May 2024 by $500 million, bringing the total authorization under the current program to $7.0 billion. Proceeds received from stock option exercises have increased the repurchase capacity by $84 million since the inception of this program. As of June 30, 2024, we had $578 million of remaining availability in our program.

Under our current share repurchase program, we repurchased 2.2 million shares at an average price of $43.56 for a cost of $95 million during the six months ended June 30, 2024. The amount and timing of specific repurchases are subject to market conditions, applicable legal requirements and other factors, including capital allocation priorities. Repurchases may be conducted in the open market or in privately negotiated transactions.

***Dividends***

We paid cash dividends of $0.50 per share during the first and second quarters of 2024 and $0.45 per share during the first and second quarters of 2023. The aggregate dividends paid to shareholders were $73 million and $71 million during the six months ended June 30, 2024 and 2023. Our long-term plan is to grow our dividend at the rate of growth of our earnings at a minimum. The declaration and payment of future dividends to holders of our common stock are at the discretion of our Board of Directors and depend upon many factors, including our financial condition, earnings, capital requirements of our business, covenants associated with certain debt obligations, legal requirements, regulatory constraints, industry practice, and other factors that our Board of Directors deems relevant. There is no assurance that a payment of a dividend or a dividend at current levels will occur in the future.

**SEASONALITY**

We experience seasonal fluctuations in our net revenues and net income from sales of VOIs and vacation exchange fees. Revenues from sales of VOIs are generally higher in the third quarter than in other quarters due to increased leisure travel. Revenues from vacation exchange fees are generally highest in the first quarter, which is typically when members of our vacation exchange business book their vacations for the year.

The seasonality of our business may cause fluctuations in our quarterly operating results. As we expand into new markets and geographical locations, we may experience increased or different seasonality dynamics that create fluctuations in operating results different from the fluctuations we have experienced in the past.

**COMMITMENTS AND CONTINGENCIES**

From time to time, we are involved in claims, legal and regulatory proceedings, and governmental inquiries related to our business, none of which, in the opinion of management, is expected to have a material effect on our results of operations or financial condition. See Note 16—*Commitments and Contingencies* to the Condensed Consolidated Financial Statements for a description of claims and legal actions arising in the ordinary course of our business along with our guarantees and indemnifications and Note 21—*Transactions with Former Parent and Former Subsidiaries* to the Condensed Consolidated Financial Statements for a description of our obligations regarding Cendant contingent litigation, matters related to Wyndham Hotels & Resorts, Inc., and matters related to the vacation rentals businesses.

**CRITICAL ACCOUNTING ESTIMATES**

In presenting our Condensed Consolidated Financial Statements in conformity with generally accepted accounting principles, we are required to make estimates and assumptions that affect the amounts reported therein. Several of the estimates and assumptions we are required to make relate to matters that are inherently uncertain as they pertain to future events. However, events that are outside of our control cannot be predicted and, as such, they cannot be contemplated in evaluating such estimates and assumptions. If there is a significant unfavorable change to current conditions, it could result in a material impact to our consolidated results of operations, financial position, and liquidity. We believe that the estimates and assumptions we used when preparing our Condensed Consolidated Financial Statements were the most appropriate at that time. These Condensed Consolidated Financial Statements should be read in conjunction with our "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the audited Consolidated Financial Statements included in the Annual Report on Form 10-K filed with the SEC on February 21, 2024, which includes a description of our critical accounting estimates that involve subjective and complex judgments that could potentially affect reported results.

**Item 3. Quantitative and Qualitative Disclosures about Market Risks.**

We assess our market risks based on changes in interest and foreign currency exchange rates utilizing a sensitivity analysis that measures the potential impact in earnings, fair values and cash flows based on a hypothetical 10% change (increase and decrease) in interest and foreign currency exchange rates. We used June 30, 2024 market rates on outstanding financial instruments to perform a sensitivity analysis separately for each of our market risk exposures: interest and foreign currency rate instruments. The estimates assume instantaneous, parallel shifts in interest rate yield curves and exchange rates. There were no changes to the assumptions used in this model in 2024 compared to 2023. Through our analysis, we have determined that a hypothetical 10% change in the interest rates would have resulted in a $2 million change in annual consumer financing interest expense and a $6 million change in annual debt interest expense. We have determined that a hypothetical 10% change in the foreign currency exchange rates would have resulted in a change to the fair value of our outstanding forward foreign currency exchange contracts of approximately $6 million, which would generally be offset by an opposite effect on the underlying exposure being economically hedged. As such, we believe that a 10% change in interest rates or foreign currency exchange rates would not have a material effect on our prices, earnings, fair values, or cash flows.

Our variable rate borrowings, which include our term loan B facilities, non-recourse conduit facilities, and revolving credit facility, expose us to risks caused by fluctuations in the applicable interest rates. The total outstanding balance of such variable rate borrowings at June 30, 2024, was $407 million in non-recourse debt and $1.17 billion in corporate debt. A 100-basis point change in the underlying interest rates would result in a $4 million increase or decrease in annual consumer financing interest expense and a $12 million increase or decrease in our annual debt interest expense.

**Item 4. Controls and Procedures.**

(a) *Disclosure Controls and Procedures.* As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive and principal financial officers, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13(a)-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")). Based on such evaluation, our principal executive and principal financial officers concluded that our disclosure controls and procedures were designed and functioning effectively as of the end of the period covered by this report to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and to provide reasonable assurance that such information is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

(b) *Internal Control Over Financial Reporting.* There have been no changes in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) during the period to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. As of June 30, 2024, we utilized the criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings.

We are involved in various claims and lawsuits arising in the ordinary course of business, none of which, in the opinion of management, is expected to have a material adverse effect on our results of operations or financial condition. See Note 16—*Commitments and Contingencies* to the Condensed Consolidated Financial Statements for a description of claims and legal actions arising in the ordinary course of our business and Note 21—*Transactions with Former Parent and Former Subsidiaries* to the Condensed Consolidated Financial Statements for a description of our obligations regarding Cendant contingent litigation, matters related to Wyndham Hotels & Resorts, Inc., and matters related to the vacation rentals businesses.

### Item 1A. Risk Factors.

The discussion of our business and operations should be read together with the risk factors contained in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the Securities and Exchange Commission on February 21, 2024, which describe various risks and uncertainties to which we are or may become subject. These risks and uncertainties have the potential to affect our business, financial condition, results of operations, cash flows, strategies or prospects in a material and adverse manner. As of June 30, 2024, there have been no material changes to the risk factors set forth in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

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

(c) Below is a summary of our common stock repurchases by month for the quarter ended June 30, 2024:

**ISSUER PURCHASES OF EQUITY SECURITIES**

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plan | Approximate Dollar Value of Shares that May Yet Be Purchased Under Plan [a] |
|---|---|---|---|---|
| April 2024 (April 1-30) | 635,888 | $ 45.62 | 635,888 | $ 116,580,019 |
| May 2024 (May 1-31) | 490,888 | $ 44.82 | 490,888 | $ 594,580,535 |
| June 2024 (June 1-30) | 430,188 | $ 44.17 | 430,188 | $ 578,086,541 |
| **Total** [b] | 1,556,964 | $ 44.96 | 1,556,964 | $ 578,086,541 |

(a) Proceeds received from stock option exercises increase repurchase capacity under the plan.
(b) Includes 22,356 shares purchased for which the trade date occurred in June 2024 while settlement occurred in July 2024.

On August 20, 2007, our Board of Directors authorized the repurchase of our common stock (the "Share Repurchase Program"). Under the Share Repurchase Program, we are authorized to repurchase shares through open market purchases, privately-negotiated transactions or otherwise in accordance with applicable federal securities laws, including through Rule 10b5-1 trading plans and under Rule 10b-18 of the Exchange Act. The Share Repurchase Program has no time limit and may be suspended or discontinued completely at any time. The Board of Directors has since increased the capacity of the Share Repurchase Program 10 times, most recently in May 2024 by $500 million, bringing the total authorization under the current program to $7.0 billion. See the "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Share Repurchase Program*" section for further information on the Share Repurchase Program.

For a description of limitations on the payment of our dividends, see the "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Dividends*."

### Item 3. Defaults upon Senior Securities.

None.

### Item 4. Mine Safety Disclosures.

Not applicable.

### Item 5. Other Information.

(a) None.

(b) None.

(c) None.

**Item 6. Exhibits.**

| Exhibit No. | Description |
|---|---|
| 3.1 | Third Amended and Restated Certificate of Incorporation of Travel + Leisure Co. (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K filed May 20, 2024). |
| 3.2 | Fourth Amended and Restated Bylaws of Travel + Leisure Co., effective as of November 8, 2023 (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K filed November 9, 2023). |
| 10.1 | Amended and Restated Employment Agreement by and between Travel + Leisure Co. and Michael Brown, dated June 1, 2024(incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed May 20, 2024) |
| 10.2 | Amended and Restated Employment Agreement by and between Travel + Leisure Co. and Michael Hug, dated June 1, 2024 (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K filed May 20, 2024). |
| 15* | Letter re: Unaudited Interim Financial Information |
| 31.1* | Certification of President and Chief Executive Officer Pursuant to Rule 13a-14(a) Under the Securities and Exchange Act of 1934. |
| 31.2* | Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) Under the Securities Exchange Act of 1934 |
| 32** | Certification of President and Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350. |
| 101.INS* | Inline XBRL Instance Document |
| 101.SCH* | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL* | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF* | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB* | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE* | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104* | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

* Filed with this report
** Furnished with this report

**SIGNATURES**

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

**TRAVEL + LEISURE CO.**

| | |
|---|---|
| Date: July 24, 2024 | By: /s/ Michael A. Hug |
| | Michael A. Hug |
| | Chief Financial Officer |
| Date: July 24, 2024 | By: /s/ Thomas M. Duncan |
| | Thomas M. Duncan |
| | Chief Accounting Officer |

July 24, 2024

The Board of Directors and Stockholders of Travel + Leisure Co.
6277 Sea Harbor Drive
Orlando, Florida 32821

We are aware that our report dated July 24, 2024, on our review of the interim condensed consolidated financial information of Travel + Leisure Co. and subsidiaries appearing in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, is incorporated by reference in Registration Statement Nos. 333-136090 and 333-228435 on Forms S-8 and Registration Statement No. 333-280014 on Form S-3ASR.

/s/ Deloitte & Touche LLP

Tampa, Florida

**Exhibit 31.1**

**CERTIFICATION**

I, Michael D. Brown, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Travel + Leisure Co.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 24, 2024

/S/ MICHAEL D. BROWN

PRESIDENT AND CHIEF EXECUTIVE OFFICER

**Exhibit 31.2**

**CERTIFICATION**

I, Michael A. Hug, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Travel + Leisure Co.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s Board of Directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 24, 2024

/S/ MICHAEL A. HUG

CHIEF FINANCIAL OFFICER

**Exhibit 32**

**CERTIFICATION OF PRESIDENT AND CEO AND CFO PURSUANT TO
18 U.S.C. SECTION 1350**

In connection with the Quarterly Report of Travel + Leisure Co. (the “Company”) on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Michael D. Brown, as President and Chief Executive Officer of the Company, and Michael A. Hug, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1.) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2.) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ MICHAEL D. BROWN
MICHAEL D. BROWN
PRESIDENT AND CHIEF EXECUTIVE OFFICER
JULY 24, 2024

/S/ MICHAEL A. HUG
MICHAEL A. HUG
CHIEF FINANCIAL OFFICER
JULY 24, 2024