

Table 1
WYNDHAM HOTELS & RESORTS
INCOME STATEMENT
(In millions, except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net revenues				
Royalties and franchise fees	\$ 159	\$ 152	\$ 419	\$ 415
Marketing, reservation and loyalty	161	179	429	445
Management and other fees	3	3	7	11
License and other fees	32	30	89	83
Other	39	36	119	110
Fee-related and other revenues	394	400	1,063	1,064
Cost reimbursements	2	2	4	12
Net revenues	396	402	1,067	1,076
Expenses				
Marketing, reservation and loyalty	149	162	435	446
Operating	23	24	59	65
General and administrative	30	31	91	93
Cost reimbursements	2	2	4	12
Depreciation and amortization	17	19	54	56
Transaction-related	1	1	46	5
Impairment	—	—	12	—
Restructuring	2	—	11	—
Separation-related	1	—	(11)	—
Total expenses	225	239	701	677
Operating income	171	163	366	399
Interest expense, net	34	27	93	73
Early extinguishment of debt	—	—	3	3
Income before income taxes	137	136	270	323
Provision for income taxes	35	33	66	83
Net income	\$ 102	\$ 103	\$ 204	\$ 240
Earnings per share				
Basic	\$ 1.30	\$ 1.22	\$ 2.55	\$ 2.81
Diluted	1.29	1.21	2.54	2.79
Weighted average shares outstanding				
Basic	78.8	84.0	80.1	85.2
Diluted	79.2	84.5	80.5	85.7

Table 2
WYNDHAM HOTELS & RESORTS
HISTORICAL REVENUE AND ADJUSTED EBITDA BY SEGMENT

The reportable segment presented below represents our operating segment for which separate financial information is available and is utilized on a regular basis by our chief operating decision maker to assess performance and allocate resources. In identifying our reportable segment, we also consider the nature of services provided by our operating segment. Management evaluates the operating results of our reportable segment based upon net revenues and adjusted EBITDA. We believe that adjusted EBITDA is a useful measure of performance for our segment which, when considered with GAAP measures, allows a more complete understanding of our operating performance. We use this measure internally to assess operating performance, both absolutely and in comparison to other companies, and to make day to day operating decisions, including in the evaluation of selected compensation decisions. Our presentation of adjusted EBITDA may not be comparable to similarly-titled measures used by other companies.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Hotel Franchising					
Net revenues					
2024	\$ 305	\$ 367	\$ 396	n/a	n/a
2023	313	362	402	\$ 321	\$ 1,397
Adjusted EBITDA					
2024	\$ 158	\$ 195	\$ 224	n/a	n/a
2023	164	175	215	\$ 173	\$ 727
Corporate and Other					
Net revenues					
2024	\$ —	\$ —	\$ —	n/a	n/a
2023	—	—	—	\$ —	\$ —
Adjusted EBITDA					
2024	\$ (17)	\$ (17)	\$ (16)	n/a	n/a
2023	(17)	(17)	(15)	\$ (19)	\$ (68)
Total Company					
Net revenues					
2024	\$ 305	\$ 367	\$ 396	n/a	n/a
2023	313	362	402	\$ 321	\$ 1,397
Net income					
2024	\$ 16	\$ 86	\$ 102	n/a	n/a
2023	67	70	103	\$ 50	\$ 289
Adjusted EBITDA					
2024	\$ 141	\$ 178	\$ 208	n/a	n/a
2023	147	158	200	\$ 154	\$ 659

NOTE: Amounts may not add across due to rounding. See Table 7 for reconciliations of Total Company non-GAAP measures and Table 9 for definitions.

Table 3
WYNDHAM HOTELS & RESORTS
CONDENSED CASH FLOWS
(In millions)
(Unaudited)

	Nine Months Ended September 30,	
	2024	2023
Operating activities		
Net income	\$ 204	\$ 240
Depreciation and amortization	54	56
Payments related to hostile takeover defense	(47)	—
Payments of development advance notes, net	(88)	(47)
Working capital and other, net	33	4
Net cash provided by operating activities	156	253
Investing activities		
Property and equipment additions	(24)	(28)
Loan advances, net	(16)	(22)
Net cash used in investing activities	(40)	(50)
Financing activities		
Proceeds from long-term debt	1,802	1,308
Payments of long-term debt	(1,516)	(1,217)
Dividends to shareholders	(92)	(90)
Repurchases of common stock	(283)	(261)
Other, net	(11)	(23)
Net cash used in financing activities	(100)	(283)
Effect of changes in exchange rates on cash, cash equivalents and restricted cash	—	(2)
Net increase/(decrease) in cash, cash equivalents and restricted cash	16	(82)
Cash, cash equivalents and restricted cash, beginning of period	66	161
Cash, cash equivalents and restricted cash, end of period	\$ 82	\$ 79

Free Cash Flow:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net cash provided by operating activities	\$ 79	\$ 77	\$ 156	\$ 253
Less: Property and equipment additions	(8)	(10)	(24)	(28)
Plus: Payments of development advance notes, net	24	16	88	47
Free cash flow	95	83	220	272
Plus: Adjusting items ^(a)	1	—	47	—
Adjusted free cash flow	\$ 96	\$ 83	\$ 267	\$ 272

^(a) Represents payments related to the Company's defense of an unsuccessful hostile takeover attempt.

Table 4
WYNDHAM HOTELS & RESORTS
BALANCE SHEET SUMMARY AND DEBT
(In millions)
(Unaudited)

	As of September 30, 2024	As of December 31, 2023
Assets		
Cash and cash equivalents	\$ 72	\$ 66
Trade receivables, net	286	241
Property and equipment, net	78	88
Goodwill and intangible assets, net	3,084	3,104
Other current and non-current assets	634	534
Total assets	\$ 4,154	\$ 4,033
Liabilities and stockholders' equity		
Total debt	\$ 2,487	\$ 2,201
Other current liabilities	412	422
Deferred income tax liabilities	314	325
Other non-current liabilities	358	339
Total liabilities	3,571	3,287
Total stockholders' equity	583	746
Total liabilities and stockholders' equity	\$ 4,154	\$ 4,033

Our outstanding debt was as follows:

	Weighted Average Interest Rate ^(a)	As of September 30, 2024	As of December 31, 2023
\$750 million revolving credit facility (due April 2027)	7.2%	\$ 69	\$ 160
\$400 million term loan A (due April 2027)	7.2%	369	384
\$1.5 billion term loan B (due May 2030)	4.7%	1,518	1,123
\$500 million 4.375% senior unsecured notes (due August 2028)	4.4%	496	495
Finance leases	4.5%	35	39
Total debt	5.1%	2,487	2,201
Cash and cash equivalents		72	66
Net debt		\$ 2,415	\$ 2,135
Net debt leverage ratio		3.5x	3.2x

^(a) Represents weighted average interest rates for the third quarter 2024, including the effects of hedging.

Our outstanding debt as of September 30, 2024 matures as follows:

	Amount
Within 1 year	\$ 47
Between 1 and 2 years	52
Between 2 and 3 years	406
Between 3 and 4 years	519
Between 4 and 5 years	23
Thereafter	1,440
Total	\$ 2,487

Table 5
WYNDHAM HOTELS & RESORTS
REVENUE DRIVERS

	Nine Months Ended September 30,				
	2024	2023	Change	% Change	
Beginning Room Count (January 1)					
United States	497,600	493,800	3,800	1%	
International	374,200	348,700	25,500	7	
Global	871,800	842,500	29,300	3	
Additions					
United States	21,300	18,500	2,800	15	
International	27,000	24,200	2,800	12	
Global	48,300	42,700	5,600	13	
Deletions					
United States	(18,300)	(16,600)	(1,700)	(10)	
International	(9,200)	(10,600)	1,400	13	
Global	(27,500)	(27,200)	(300)	(1)	
Ending Room Count (September 30)					
United States	500,600	495,700	4,900	1	
International	392,000	362,300	29,700	8	
Global	892,600	858,000	34,600	4%	
As of September 30,					
	2024	2023	Change	% Change	FY 2023 Royalty Contribution
System Size					
United States					
Economy	226,800	231,100	(4,300)	(2%)	
Midscale and Above	273,800	264,600	9,200	3	
Total United States	500,600	495,700	4,900	1%	80%
International					
Greater China	181,100	167,900	13,200	8%	3
Rest of Asia Pacific	37,400	34,000	3,400	10	2
Europe, the Middle East and Africa	90,500	81,600	8,900	11	7
Canada	39,600	39,600	—	—	5
Latin America	43,400	39,200	4,200	11	3
Total International	392,000	362,300	29,700	8%	20
Global	892,600	858,000	34,600	4%	100%

Table 5 (continued)
WYNDHAM HOTELS & RESORTS
REVENUE DRIVERS

	Three Months Ended September 30, 2024	Constant Currency % Change ^(a)	
Regional RevPAR Growth			
United States			
Economy	\$ 48.88	(2%)	
Midscale and Upper Midscale	64.31	—	
Upscale and Above	101.25	(2)	
Total United States	\$ 57.98	(1%)	
International			
Greater China	\$ 16.55	(10%)	
Rest of Asia Pacific	33.89	(1)	
Europe, the Middle East and Africa	62.59	9	
Canada	75.02	2	
Latin America	51.60	52	
Total International	\$ 38.60	7%	
Global	\$ 49.33	1%	
	Three Months Ended September 30,		
	2024	2023	% Change ^(b)
Average Royalty Rate			
United States	4.7%	4.6%	12 bps
International	2.5%	2.5%	2 bps
Global	4.0%	3.9%	4 bps
	Nine Months Ended September 30, 2024	Constant Currency % Change ^(a)	
Regional RevPAR Growth			
United States			
Economy	\$ 42.19	(4%)	
Midscale and Upper Midscale	58.14	(1)	
Upscale and Above	99.35	—	
Total United States	\$ 51.69	(2%)	
International			
Greater China	\$ 15.31	(7%)	
Rest of Asia Pacific	32.00	2	
Europe, the Middle East and Africa	54.11	11	
Canada	57.94	2	
Latin America	50.83	43	
Total International	\$ 34.08	9%	
Global	\$ 43.89	1%	
	Nine Months Ended September 30,		
	2024	2023	% Change ^(b)
Average Royalty Rate			
United States	4.7%	4.6%	8 bps
International	2.4%	2.4%	6 bps
Global	3.9%	3.9%	2 bps

^(a) International and global exclude the impact of currency exchange movements.

^(b) Amounts may not recalculate due to rounding.

Table 6
WYNDHAM HOTELS & RESORTS
HISTORICAL REVPAR AND ROOMS

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Full Year</u>
Total System					
Global RevPAR					
2024	\$ 36.28	\$ 45.99	\$ 49.33	n/a	n/a
2023	\$ 37.20	\$ 46.47	\$ 49.71	\$ 38.90	\$ 43.10
U.S. RevPAR					
2024	\$ 41.68	\$ 55.44	\$ 57.98	n/a	n/a
2023	\$ 43.84	\$ 55.26	\$ 58.46	\$ 44.06	\$ 50.42
International RevPAR					
2024	\$ 29.38	\$ 34.11	\$ 38.60	n/a	n/a
2023	\$ 27.99	\$ 34.44	\$ 38.05	\$ 32.12	\$ 33.21
Global Rooms					
2024	876,300	884,900	892,600	n/a	n/a
2023	844,800	851,500	858,000	871,800	871,800
U.S. Rooms					
2024	499,100	499,400	500,600	n/a	n/a
2023	494,400	495,100	495,700	497,600	497,600
International Rooms					
2024	377,200	385,500	392,000	n/a	n/a
2023	350,400	356,400	362,300	374,200	374,200

Table 7
WYNDHAM HOTELS & RESORTS
NON-GAAP RECONCILIATIONS
(In millions)

The tables below reconcile certain non-GAAP financial measures. The presentation of these adjustments is intended to permit the comparison of particular adjustments as they appear in the income statement in order to assist investors' understanding of the overall impact of such adjustments. We believe that adjusted EBITDA, adjusted net income and adjusted diluted EPS financial measures provide useful information to investors about us and our financial condition and results of operations because these measures are used by our management team to evaluate our operating performance and make day-to-day operating decisions and adjusted EBITDA is frequently used by securities analysts, investors and other interested parties as a common performance measure to compare results or estimate valuations across companies in our industry. These measures also assist our investors in evaluating our ongoing operating performance for the current reporting period and, where provided, over different reporting periods, by adjusting for certain items which may be recurring or non-recurring and which in our view do not necessarily reflect ongoing performance. We also internally use these measures to assess our operating performance, both absolutely and in comparison to other companies, and in evaluating or making selected compensation decisions. These supplemental disclosures are in addition to GAAP reported measures. These non-GAAP reconciliation tables should not be considered in isolation or as a substitute for, nor superior to, financial results and measures determined or calculated in accordance with GAAP and may not be comparable to similarly-titled measures used by other companies.

Reconciliation of Net Income to Adjusted EBITDA:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2024					
Net income	\$ 16	\$ 86	\$ 102		
Provision for income taxes	6	26	35		
Depreciation and amortization	20	17	17		
Interest expense, net	28	30	34		
Early extinguishment of debt ^(a)	—	3	—		
Stock-based compensation	10	10	10		
Development advance notes amortization	5	6	6		
Transaction-related ^(b)	41	5	1		
Separation-related ^(c)	—	(12)	1		
Restructuring costs ^(d)	3	7	2		
Impairment ^(e)	12	—	—		
Adjusted EBITDA	<u>\$ 141</u>	<u>\$ 178</u>	<u>\$ 208</u>		
2023					
Net income	\$ 67	\$ 70	\$ 103	\$ 50	\$ 289
Provision for income taxes	24	26	33	25	109
Depreciation and amortization	19	19	19	20	76
Interest expense, net	22	24	27	29	102
Early extinguishment of debt ^(a)	—	3	—	—	3
Stock-based compensation	9	9	10	11	39
Development advance notes amortization	3	4	4	5	15
Transaction-related ^(b)	—	4	1	5	11
Separation-related ^(c)	2	(2)	—	—	1
Foreign currency impact of highly inflationary countries ^(f)	1	1	3	9	14
Adjusted EBITDA	<u>\$ 147</u>	<u>\$ 158</u>	<u>\$ 200</u>	<u>\$ 154</u>	<u>\$ 659</u>

NOTE: Amounts may not add due to rounding.

- (a) Amount in 2024 and 2023 relates to non-cash charges associated with the Company's refinancing of its term loan B.
- (b) Represents costs related to corporate transactions, including the Company's defense of an unsuccessful hostile takeover attempt and the Company's repricing and upsizing of its term loan B.
- (c) Represents costs (income) associated with the Company's spin-off from Wyndham Worldwide.
- (d) Represents charges associated with the Company's 2024 restructuring plan consisting primarily of employee related costs.
- (e) Primarily represents an impairment of development advance notes as a result of the Company's evaluation of the recoverability of their carrying value.
- (f) Relates to the foreign currency impact from hyper-inflation, primarily in Argentina, which is reflected in operating expenses on the income statement.

Table 7 (continued)
WYNDHAM HOTELS & RESORTS
NON-GAAP RECONCILIATIONS
(In millions, except per share data)

Reconciliation of Net Income and Diluted EPS to Adjusted Net Income and Adjusted Diluted EPS:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Diluted EPS	\$ 1.29	\$ 1.21	\$ 2.54	\$ 2.79
Net income	\$ 102	\$ 103	\$ 204	\$ 240
Adjustments:				
Transaction-related	1	1	46	5
Acquisition-related amortization expense ^(a)	6	7	20	20
Impairment	—	—	12	—
Restructuring costs	2	—	11	—
Early extinguishment of debt	—	—	3	3
Foreign currency impact of highly inflationary countries	—	3	1	6
Separation-related	1	—	(11)	—
Total adjustments before tax	10	11	82	34
Income tax provision ^(b)	2	3	21	8
Total adjustments after tax	8	8	61	26
Adjusted net income	\$ 110	\$ 111	\$ 265	\$ 266
Adjustments - EPS impact	0.10	0.10	0.75	0.31
Adjusted diluted EPS	\$ 1.39	\$ 1.31	\$ 3.29	\$ 3.10
Diluted weighted average shares outstanding	79.2	84.5	80.5	85.7

^(a) Reflected in depreciation and amortization on the income statement.

^(b) Reflects the estimated tax effects of the adjustments.

Table 8
WYNDHAM HOTELS & RESORTS
2024 OUTLOOK
As of October 23, 2024
(In millions, except per share data)

	2024 Outlook ^(a)
Fee-related and other revenues	\$ 1,410 – 1,430
Adjusted EBITDA	690 – 700
Depreciation and amortization expense ^(b)	45 – 47
Development advance notes amortization expense	23 – 25
Stock-based compensation expense	41 – 43
Interest expense, net	125 – 127
Adjusted income before income taxes	450 – 464
Income tax expense ^(c)	113 – 116
Adjusted net income	<u>\$ 338 – 348</u>
Adjusted diluted EPS	<u>\$ 4.22 – 4.34</u>
Diluted shares ^(d)	80.1
Capital expenditures	Approx. \$40
Development advance notes	Approx. \$110
Adjusted free cash flow conversion rate	~60%
<u>Year-over-Year Growth</u>	
Global RevPAR	Approx. flat
Number of rooms	3% – 4%

NOTE: Outlook for adjusted EBITDA, adjusted net income, adjusted diluted EPS and adjusted free cash flow conversion rate excludes all previous 2024 expenses and cash outlays associated with the Company's defense of an unsuccessful hostile takeover attempt.

- (a) Year-over-year growth rates for adjusted EBITDA, adjusted net income and adjusted diluted EPS are not comparable due to full-year 2023 marketing fund revenues exceeding expenses by \$9 million (before taxes), which substantially completed the recovery of the \$49 million support the Company provided to its owners during COVID.
- (b) Excludes amortization of acquisition-related intangible assets of approximately \$27 million.
- (c) Outlook assumes an effective tax rate of approximately 25%.
- (d) Excludes the impact of any share repurchases after September 30, 2024.

In determining adjusted EBITDA, interest expense, net, adjusted income before income taxes, adjusted net income, adjusted diluted EPS and adjusted free cash flow conversion rate, we exclude certain items which are otherwise included in determining the comparable GAAP financial measures. We are providing these measures on a non-GAAP basis only because, without unreasonable efforts, we are unable to predict with reasonable certainty the occurrence or amount of all the adjustments or other potential adjustments that may arise in the future during the forward-looking period, which can be dependent on future events that may not be reliably predicted. Based on past reported results, where one or more of these items have been applicable, such excluded items could be material, individually or in the aggregate, to the reported results.

Table 9
WYNDHAM HOTELS & RESORTS
DEFINITIONS

Adjusted Net Income and Adjusted Diluted EPS: Represents net income and diluted earnings per share excluding acquisition-related amortization, impairment charges, restructuring and related charges, contract termination costs, separation-related items, transaction-related items (acquisition-, disposition-, or debt-related), (gain)/loss on asset sales and foreign currency impacts of highly inflationary countries. The Company calculates the income tax effect of the adjustments using an estimated effective tax rate applicable to each adjustment.

Adjusted EBITDA: Represents net income excluding net interest expense, depreciation and amortization, early extinguishment of debt charges, impairment charges, restructuring and related charges, contract termination costs, separation-related items, transaction-related items (acquisition-, disposition-, or debt-related), (gain)/loss on asset sales, foreign currency impacts of highly inflationary countries, stock-based compensation expense, income taxes and development advance notes amortization. Adjusted EBITDA is a financial measure that is not recognized under U.S. GAAP and should not be considered as an alternative to net income or other measures of financial performance or liquidity derived in accordance with U.S. GAAP. In addition, the Company's definition of adjusted EBITDA may not be comparable to similarly titled measures of other companies.

Ancillary Revenues: Represents the summation of the license and other fees line item and other revenues line item per the income statement.

Average Daily Rate (ADR): Represents the average rate charged for renting a lodging room for one day.

Average Occupancy Rate: Represents the percentage of available rooms occupied during the period.

Comparable Basis: Represents a comparison eliminating the year-over-year variability of the Company's marketing funds.

Constant Currency: Represents a comparison eliminating the effects of foreign exchange rate fluctuations between periods (foreign currency translation) and the impact caused by any foreign exchange related activities (i.e., hedges, balance sheet remeasurements and/or adjustments).

Free Cash Flow: Reflects net cash provided by operating activities excluding development advances, less capital expenditures. The Company believes free cash flow to be a useful operating performance measure to it and investors. This measure helps the Company and investors evaluate its ability to generate cash beyond what is needed to fund capital expenditures, debt service and other obligations. Notwithstanding cash on hand and incremental borrowing capacity, free cash flow reflects the Company's ability to grow its business through investments and acquisitions, as well as its ability to return cash to shareholders through dividends and share repurchases or even to delever. Free cash flow is not a representation of how the Company will use excess cash. A limitation of using free cash flow versus the GAAP measure of net cash provided by operating activities as a means for evaluating Wyndham Hotels is that free cash flow does not represent the total cash movement for the period as detailed in the condensed consolidated statement of cash flows.

Adjusted Free Cash Flow: Represents free cash flow excluding payments related to the Company's defense of an unsuccessful hostile takeover attempt.

Adjusted Free Cash Flow Conversion Rate: Represents the percentage of adjusted EBITDA that is converted to adjusted free cash flow and provides insights into how efficiently the Company is able to turn profits into cash available for use, such as for investments (including development advance notes), debt reduction, dividends or share repurchases.

Net Debt Leverage Ratio: Calculated by dividing total debt less cash and cash equivalents by trailing twelve months adjusted EBITDA.

Number of Rooms: Represents the number of rooms at the end of the period which are (i) either under franchise and/or management agreements or Company-owned and (ii) properties under affiliation agreements for which the Company receives a fee for reservation and/or other services provided.

RevPAR: Represents revenue per available room and is calculated by multiplying average occupancy rate by ADR.

Royalty Rate: Represents the average royalty rate earned on the Company's franchised properties and is calculated by dividing total royalties, excluding the impact of amortization of development advance notes, by total room revenues.