

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) **July 26, 2022**

Wyndham Hotels & Resorts, Inc.

(Exact name of registrant as specified in charter)

Delaware
(State or other jurisdiction
of incorporation)
22 Sylvan Way
Parsippany, New Jersey
(Address of principal
executive offices)

001-38432
(Commission File Number)

82-3356232
(IRS Employer
Identification No.)

07054
(Zip Code)

Registrant's telephone number, including area code **(973) 753-6000**

None

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| <i>Title of each class</i> | <i>Trading Symbol(s)</i> | <i>Name of each exchange on which registered</i> |
|---|--------------------------|--|
| Common Stock, par value \$0.01 per share | WH | New York Stock Exchange |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02. Results of Operations and Financial Condition.

Wyndham Hotels & Resorts, Inc. (the “Company”) today issued a press release reporting financial results for the quarter ended June 30, 2022.

A copy of the Company’s press release is furnished as Exhibit 99.1 and is incorporated by reference.

The information included in this Item 2.02, Item 7.01 below and Exhibit 99.1 included with this Current Report on Form 8-K shall not be deemed “filed” for the purposes of or otherwise subject to the liabilities under Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Unless expressly incorporated into a filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act made after the date hereof, the information contained in this Item 2.02, Item 7.01 below and Exhibit 99.1 hereto shall not be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 7.01. Regulation FD Disclosure.

On July 26, 2022, the Company posted a new investor presentation on its investor relations website at www.investor.wyndhamhotels.com.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits. The following exhibit is furnished with this report:

| Exhibit No. | Description |
|------------------------------|--|
| Exhibit 99.1 | Press Release of Wyndham Hotels & Resorts, Inc., dated July 26, 2022, reporting financial results for the quarter ended June 30, 2022. |
| Exhibit 104 | Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |

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 hereunto duly authorized.

WYNDHAM HOTELS & RESORTS, INC.

Date: July 26, 2022

By: /s/ Nicola Rossi

Nicola Rossi
Chief Accounting Officer

WYNDHAM HOTELS & RESORTS, INC.
CURRENT REPORT ON FORM 8-K
Report Dated June 26, 2022
EXHIBIT INDEX

Exhibit No.

Description

[Exhibit 99.1](#)

[Press Release of Wyndham Hotels & Resorts, Inc., dated July 26, 2022, reporting financial results for the quarter ended June 30, 2022.](#)

Exhibit 104

Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.



WYNDHAM HOTELS & RESORTS REPORTS SECOND QUARTER 2022 RESULTS
Company Raises Full-Year 2022 Outlook and
Grows Global Development Pipeline by 9% to a Record 208,000 Rooms

PARSIPPANY, N.J., July 26, 2022 - Wyndham Hotels & Resorts (NYSE: WH) today announced results for the three months ended June 30, 2022. Highlights include:

- **Global RevPAR grew 23% compared to second quarter 2021 in constant currency.**
- **System-wide rooms grew 3% year-over-year, including 2% of growth in the U.S. and 4% of growth internationally.**
- **Hotel Franchising segment revenues grew 18% year-over-year.**
- **Diluted earnings per share of \$1.00 and adjusted diluted earnings per share of \$1.07.**
- **Net income of \$92 million and adjusted net income of \$99 million .**
- **Adjusted EBITDA of \$175 million.**
- **Year-to-date net cash provided by operating activities of \$242 million and free cash flow of \$224 million.**
- **Domestic development signings increased 77%, including 22 new construction projects for the Company's new extended-stay brand, bringing the total number to 72 since launch in March.**
- **Completed the sale of the Wyndham Grand Rio Mar Resort.**
- **Returned \$171 million to shareholders through \$142 million of share repurchases and a quarterly cash dividend of \$0.32 per share.**
- **Company raises full-year 2022 outlook.**

"We kicked off our high-demand summer season with the strongest Memorial Day we've ever experienced, as guests traveled further, stayed longer and spent more at our hotels than they did pre-pandemic," said Geoffrey A. Ballotti, president and chief executive officer. "Our business experienced another strong quarter performing above both last year and 2019 as international recovery accelerated and our development teams grew our pipeline to a record level. Our second quarter results once again demonstrated the strength and durability of our business model and we are well on track to deliver on our 2022 commitments."

Fee-related and other revenues increased 10% year-over-year to \$354 million as the impact from the increase of global RevPAR and higher license fees were partially offset by a \$21 million impact from the sale of the Company's owned hotels and the exit of its select-service management business.

The Company generated net income of \$92 million, or \$1.00 per diluted share, an increase of \$24 million, or \$0.27 per diluted share, reflecting higher adjusted EBITDA, lower depreciation and amortization expense due to the sale of the Company's owned hotels and lower expenses associated with the early extinguishment of debt. Adjusted EBITDA increased \$7 million, or 4%, versus 2021 to \$175 million reflecting the revenue growth, which was partially offset by an \$8 million impact from the sale of the Company's owned hotels and the exit of its select-service management business as well as a \$2 million unfavorable timing impact from the marketing fund.

Full reconciliations of GAAP results to the Company's non-GAAP adjusted measures for all reported periods appear in the tables to this press release.

System Size

| | June 30, 2022 | June 30, 2021 | YOY Change (bps) |
|---------------|---------------|---------------|------------------|
| United States | 492,400 | 484,800 | 160 |
| International | 326,500 | 313,200 | 420 |
| Global | 818,900 | 798,000 | 260 |

The Company's global system grew 3%, reflecting 2% growth in the U.S. and 4% growth internationally. As expected, these increases included strong growth in both the higher RevPAR midscale and above segments in the U.S. and the direct franchising business in China, which grew 7% and 12%, respectively. The Company remains solidly on track with its goal of achieving a retention rate above 95% and its net room growth outlook of 2 to 4% for the full year 2022.

RevPAR

| | Second Quarter 2022 | YOY Constant Currency % Change | Constant Currency % Change vs. 2019 |
|---------------|---------------------|--------------------------------|-------------------------------------|
| United States | \$ 55.57 | 15 % | 9 % |
| International | 27.46 | 59 | (6) |
| Global | 44.28 | 23 | 3 |

Second quarter RevPAR grew 23% globally in constant currency, including 15% growth in the U.S. and 59% growth internationally. The increase is approximately 80% driven by stronger pricing power and 20% driven by higher occupancy levels.

Business Segment Discussion

| | Revenue | | | Adjusted EBITDA | | |
|---------------------|---------------------|---------------------|----------|---------------------|---------------------|----------|
| | Second Quarter 2022 | Second Quarter 2021 | % Change | Second Quarter 2022 | Second Quarter 2021 | % Change |
| Hotel Franchising | \$ 335 | \$ 283 | 18 % | \$ 185 | \$ 166 | 11 % |
| Hotel Management | 51 | 123 | (59) | 6 | 16 | (63) |
| Corporate and Other | — | — | — | (16) | (14) | (14) |
| Total Company | \$ 386 | \$ 406 | (5) | \$ 175 | \$ 168 | 4 |

Hotel Franchising revenues increased 18% year-over-year to \$335 million primarily due to the global RevPAR increase and higher license and other fees. Hotel Franchising adjusted EBITDA increased 11% to \$185 million reflecting the growth in revenues, partially offset by a 340 basis point unfavorable timing impact from the marketing fund.

Hotel Management revenues decreased 59% year-over-year to \$51 million, including a \$53 million decrease in cost-reimbursement revenues, which have no impact on adjusted EBITDA. Absent cost-reimbursements, Hotel Management revenues decreased \$19 million, or 50%, to \$19 million due to the sale of the Company's owned hotels and the exit of its select-service management business. Hotel Management adjusted EBITDA decreased \$10 million year-over-year reflecting the same.

Development

The Company awarded 187 new contracts this quarter compared to 154 in the second quarter 2021. On June 30, 2022, the Company's global development pipeline consisted of approximately 1,600 hotels and approximately 208,000 rooms, of which approximately 80% is in the midscale and above segments (nearly 70% in the U.S.). The pipeline grew 9% year-over-year, including 17% domestically and 5% internationally. Approximately 62% of the Company's development pipeline is international and 78% is new construction, of which approximately 36% has broken ground.

Sale of Owned Hotel

On May 24, 2022, the Company completed the sale of the Wyndham Grand Rio Mar Resort in Puerto Rico for gross proceeds of approximately \$62 million. There was no gain or loss on the sale as the proceeds approximated adjusted net book value. The Company entered into a 20-year franchise agreement with the buyer.

Cash and Liquidity

The Company generated \$242 million of net cash provided by operating activities year-to-date and \$224 million of free cash flow. The Company ended the quarter with a cash balance of \$400 million and approximately \$1.1 billion in total liquidity.

Share Repurchases and Dividends

During the second quarter, the Company repurchased approximately 1.9 million shares of its common stock for \$142 million. The Company also paid common stock dividends of \$29 million, or \$0.32 per share, in the second quarter.

Full-Year 2022 Outlook

The Company is increasing its outlook as follows to reflect future projections related to the Company's license fees from Travel & Leisure based on their full-year 2022 Gross VOI Sales outlook provided on April 28, 2022 as well as the impact of second quarter share repurchase activity:

| | Updated Outlook | Prior Outlook |
|---|-------------------------|-------------------------|
| Year-over-year rooms growth | 2% - 4% | 2% - 4% |
| Year-over-year global RevPAR growth | 12% - 16% | 12% - 16% |
| Fee-related and other revenues | \$1.29 - \$1.32 billion | \$1.28 - \$1.31 billion |
| Adjusted EBITDA | \$611 - \$631 million | \$605 - \$625 million |
| Adjusted net income | \$323 - \$334 million | \$317 - \$329 million |
| Adjusted diluted EPS | \$3.51 - \$3.63 | \$3.39 - \$3.51 |
| Free cash flow conversion rate ^(a) | ~55% | ~55% |

^(a) Represents the percentage of adjusted EBITDA that is expected to produce free cash flow.

More detailed projections are available in Table 8 of this press release. The Company is providing certain financial metrics only on a non-GAAP basis because, without unreasonable efforts, it is unable to predict with reasonable certainty the occurrence or amount of all of 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.

Conference Call Information

Wyndham Hotels will hold a conference call with investors to discuss the Company's results and outlook on Wednesday, July 27, 2022 at 8:30 a.m. ET. Listeners can access the webcast live through the Company's website at <https://investor.wyndhamhotels.com>. The conference call may also be accessed by dialing 888 632-3382 and providing the passcode "Wyndham". Listeners are urged to call at least five minutes prior to the scheduled start time. An archive of this webcast will be available on the website beginning at noon ET on July 27, 2022. A telephone replay will be available for approximately ten days beginning at noon ET on July 27, 2022 at 800 925-9942.

Presentation of Financial Information

Financial information discussed in this press release includes non-GAAP measures, which include or exclude certain items. These non-GAAP measures differ from reported GAAP results and are intended to illustrate what management believes are relevant period-over-period comparisons and are helpful to investors as an additional tool for further understanding and assessing the Company's ongoing operating performance. The Company uses these measures internally to assess its 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. Exclusion of items in the Company's non-GAAP presentation should not be considered an inference that these items are unusual, infrequent or non-recurring. Full reconciliations of GAAP results to the comparable non-GAAP measures for the reported periods appear in the financial tables section of this press release.

About Wyndham Hotels & Resorts

Wyndham Hotels & Resorts (NYSE: WH) is the world's largest hotel franchising company by the number of properties, with approximately 9,000 hotels across over 95 countries on six continents. Through its network of approximately 819,000 rooms appealing to the everyday traveler, Wyndham commands a leading presence in the economy and midscale segments of the lodging industry. The Company operates a portfolio of 22 hotel

brands, including Super 8®, Days Inn®, Ramada®, Microtel®, La Quinta®, Baymont®, Wingate®, AmericInn®, Hawthorn Suites®, Trademark Collection® and Wyndham®. The Company's award-winning Wyndham Rewards loyalty program offers over 95 million enrolled members the opportunity to redeem points at thousands of hotels, vacation club resorts and vacation rentals globally. For more information, visit www.wyndhamhotels.com. The Company may use its website as a means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD. Disclosures of this nature will be included on the Company's website in the Investors section, which can currently be accessed at www.investor.wyndhamhotels.com. Accordingly, investors should monitor this section of the Company's website in addition to following the Company's press releases, filings submitted with the Securities and Exchange Commission and any public conference calls or webcasts.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the federal securities laws, including statements related to the Company's current views and expectations with respect to its future performance and operations, including revenues, earnings, cash flow and other financial and operating measures, share repurchases and dividends, restructuring charges and statements related to the coronavirus pandemic ("COVID-19"). Forward-looking statements include those that convey management's expectations as to the future based on plans, estimates and projections at the time the Company makes the statements and may be identified by words such as "will," "expect," "believe," "plan," "anticipate," "intend," "goal," "future," "outlook," "guidance," "target," "objective," "estimate," "projection" and similar words or expressions, including the negative version of such words and expressions. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release.

Factors that could cause actual results to differ materially from those in the forward-looking statements include, without limitation, general economic conditions; the continuation or worsening of the effects from COVID-19, its scope, duration, resurgence and impact on the Company's business operations, financial results, cash flows and liquidity, as well as the impact on the Company's franchisees and property owners, guests and team members, the hospitality industry and overall demand for travel; the success of the Company's mitigation efforts in response to COVID-19; the Company's performance during the recovery from COVID-19 and any resurgence or mutations of the virus; various actions governments, businesses and individuals continue to take in response to the pandemic, including stay-in-place directives (including, for instance, quarantine and isolation guidelines and mandates), safety mitigation guidance, as well as the timing, availability and adoption rates of vaccinations, booster shots and other treatments for COVID-19; concerns with or threats of other pandemics, contagious diseases or health epidemics, including the effects of COVID-19; the performance of the financial and credit markets; the economic environment for the hospitality industry; operating risks associated with the hotel franchising and management businesses; the Company's relationships with franchisees and property owners; the impact of war, terrorist activity, political instability or political strife; risks related to restructuring or strategic initiatives; the Company's ability to satisfy obligations and agreements under its outstanding indebtedness, including the payment of principal and interest and compliance with the covenants thereunder; risks related to the Company's ability to obtain financing and the terms of such financing, including access to liquidity and capital; and the Company's ability to make or pay, plans for, and the timing and amount of any future share repurchases and/or dividends, as well as the risks described in the Company's most recent

Annual Report on Form 10-K filed with the Securities and Exchange Commission and any subsequent reports filed with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, subsequent events or otherwise.

###

Contacts

Investors:

Matt Capuzzi
Senior Vice President, Investor Relations
973 753-6453
ir@wyndham.com

Media:

Maire Griffin
Senior Vice President, Global Communications
973 753-6590
WyndhamHotelsNews@wyndham.com

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|---------|---------------------------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| Net revenues | | | | |
| Royalties and franchise fees | \$ 133 | \$ 122 | \$ 242 | \$ 200 |
| Marketing, reservation and loyalty | 145 | 119 | 257 | 204 |
| Management and other fees | 16 | 30 | 51 | 50 |
| License and other fees | 27 | 20 | 46 | 40 |
| Other | 33 | 30 | 73 | 60 |
| Fee-related and other revenues | 354 | 321 | 669 | 554 |
| Cost reimbursements | 32 | 85 | 88 | 155 |
| Net revenues | 386 | 406 | 757 | 709 |
| Expenses | | | | |
| Marketing, reservation and loyalty | 133 | 105 | 237 | 198 |
| Operating | 28 | 31 | 64 | 58 |
| General and administrative | 31 | 27 | 59 | 51 |
| Cost reimbursements | 32 | 85 | 88 | 155 |
| Depreciation and amortization | 17 | 24 | 40 | 47 |
| Loss/(gain) on asset sales | 1 | — | (35) | — |
| Separation-related (income)/expenses | (1) | 1 | (1) | 3 |
| Total expenses | 241 | 273 | 452 | 512 |
| Operating income | 145 | 133 | 305 | 197 |
| Interest expense, net | 20 | 22 | 39 | 51 |
| Early extinguishment of debt | 2 | 18 | 2 | 18 |
| Income before income taxes | 123 | 93 | 264 | 128 |
| Provision for income taxes | 31 | 25 | 66 | 35 |
| Net income | \$ 92 | \$ 68 | \$ 198 | \$ 93 |
| Earnings per share | | | | |
| Basic | \$ 1.00 | \$ 0.73 | \$ 2.15 | \$ 0.99 |
| Diluted | 1.00 | 0.73 | 2.13 | 0.99 |
| Weighted average shares outstanding | | | | |
| Basic | 91.6 | 93.6 | 92.0 | 93.5 |
| Diluted | 92.1 | 94.1 | 92.7 | 93.9 |

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

The reportable segments presented below represent our operating segments 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 segments, we also consider the nature of services provided by our operating segments. Management evaluates the operating results of each of our reportable segments based upon net revenues and adjusted EBITDA. We believe that adjusted EBITDA is a useful measure of performance for our segments 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. During the first quarter of 2021, we modified the definition of adjusted EBITDA to exclude the amortization of development advance notes to reflect how our chief operating decision maker reviews operating performance beginning in 2021. We have applied the modified definition of adjusted EBITDA to all periods presented.

| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Full Year |
|---------------------------------------|---------------|----------------|---------------|----------------|-----------|
| Hotel Franchising | | | | | |
| Net revenues | | | | | |
| 2022 | \$ 272 | \$ 335 | n/a | n/a | n/a |
| 2021 | 209 | 283 | \$ 337 | \$ 270 | \$ 1,099 |
| 2020 | 243 | 182 | 236 | 202 | 863 |
| 2019 | 269 | 331 | 379 | 300 | 1,279 |
| Adjusted EBITDA ^(a) | | | | | |
| 2022 | \$ 155 | \$ 185 | n/a | n/a | n/a |
| 2021 | 105 | 166 | \$ 193 | \$ 128 | \$ 592 |
| 2020 | 110 | 86 | 119 | 77 | 392 |
| 2019 | 115 | 164 | 197 | 153 | 629 |
| Hotel Management | | | | | |
| Net revenues | | | | | |
| 2022 | \$ 99 | \$ 51 | n/a | n/a | n/a |
| 2021 | 94 | 123 | \$ 126 | \$ 122 | \$ 466 |
| 2020 | 167 | 76 | 101 | 94 | 437 |
| 2019 | 197 | 201 | 180 | 190 | 768 |
| Adjusted EBITDA | | | | | |
| 2022 | \$ 20 | \$ 6 | n/a | n/a | n/a |
| 2021 | 5 | 16 | \$ 16 | \$ 19 | \$ 57 |
| 2020 | 17 | (4) | 2 | (1) | 13 |
| 2019 | 16 | 16 | 13 | 21 | 66 |
| Corporate and Other | | | | | |
| Net revenues | | | | | |
| 2022 | \$ — | \$ — | n/a | n/a | n/a |
| 2021 | — | — | \$ — | \$ — | — |
| 2020 | — | — | — | — | — |
| 2019 | 2 | 1 | 1 | 2 | 6 |
| Adjusted EBITDA | | | | | |
| 2022 | \$ (16) | \$ (16) | n/a | n/a | n/a |
| 2021 | (13) | (14) | \$ (15) | \$ (16) | \$ (59) |
| 2020 | (18) | (16) | (18) | (18) | (69) |
| 2019 | (18) | (19) | (18) | (19) | (74) |

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

| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Full Year |
|---------------------------------------|---------------|----------------|---------------|----------------|-----------|
| Total Company | | | | | |
| Net revenues | | | | | |
| 2022 | \$ 371 | \$ 386 | n/a | n/a | n/a |
| 2021 | 303 | 406 | \$ 463 | \$ 392 | \$ 1,565 |
| 2020 | 410 | 258 | 337 | 296 | 1,300 |
| 2019 | 468 | 533 | 560 | 492 | 2,053 |
| Net income/(loss) | | | | | |
| 2022 | \$ 106 | \$ 92 | n/a | n/a | n/a |
| 2021 | 24 | 68 | \$ 103 | \$ 48 | \$ 244 |
| 2020 | 22 | (174) | 27 | (7) | (132) |
| 2019 | 21 | 26 | 45 | 64 | 157 |
| Adjusted EBITDA ^(a) | | | | | |
| 2022 | \$ 159 | \$ 175 | n/a | n/a | n/a |
| 2021 | 97 | 168 | \$ 194 | \$ 131 | \$ 590 |
| 2020 | 109 | 66 | 103 | 58 | 336 |
| 2019 | 113 | 161 | 192 | 155 | 621 |

NOTE: Amounts include the results of the Company's Wyndham Grand Bonnet Creek Resort and Wyndham Grand Rio Mar Resort, which were sold in March 2022 and May 2022, respectively, and its select-service management business, which was exited in March 2022. Amounts may not add across due to rounding. See Table 7 for reconciliations of Total Company non-GAAP measures and Table 9 for definitions.

^(a) Adjusted EBITDA for 2019 and 2020 has been recast to exclude the amortization of development advance notes to be consistent with the presentation adopted in 2021.

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

| | Six Months Ended June 30, | |
|---|----------------------------------|---------------|
| | 2022 | 2021 |
| Operating activities | | |
| Net income | \$ 198 | \$ 93 |
| Depreciation and amortization | 40 | 47 |
| Loss on early extinguishment of debt | 2 | 18 |
| Trade receivables | (5) | (16) |
| Accounts payable, accrued expenses and other current liabilities | (5) | 6 |
| Deferred revenues | 16 | 11 |
| Payments of development advance notes | (13) | (16) |
| Other, net | 9 | 37 |
| Net cash provided by operating activities | 242 | 180 |
| Investing activities | | |
| Property and equipment additions | (18) | (17) |
| Proceeds from asset sales, net ^(a) | 263 | — |
| Other, net | (1) | (1) |
| Net cash provided by/(used in) investing activities | 244 | (18) |
| Financing activities | | |
| Proceeds from long-term debt, net | 400 | 45 |
| Payments of long-term debt, net | (404) | (566) |
| Dividends to shareholders | (59) | (30) |
| Repurchases of common stock | (179) | — |
| Other, net | (14) | (1) |
| Net cash used in financing activities | (256) | (552) |
| Effect of changes in exchange rates on cash, cash equivalents and restricted cash | (1) | — |
| Net increase/(decrease) in cash, cash equivalents and restricted cash | 229 | (390) |
| Cash, cash equivalents and restricted cash, beginning of period | 171 | 493 |
| Cash, cash equivalents and restricted cash, end of period | \$ 400 | \$ 103 |

^(a) Includes proceeds of \$179 million, net of transaction costs, received from the Company's sales of the Wyndham Grand Bonnet Creek Resort and the Wyndham Grand Rio Mar Resort and \$84 million of proceeds from CPLG related to the Company's exit of its select-service management business.

Free Cash Flow:

We define free cash flow to be net cash provided by operating activities less property and equipment additions, which we also refer to as capital expenditures. We believe free cash flow to be a useful operating performance measure to us and investors to evaluate the ability of our operations to generate cash for uses other than capital expenditures and, after debt service and other obligations, our ability to grow our business through acquisitions and investments, as well as our ability to return cash to shareholders through dividends and share repurchases. Free cash flow is not necessarily a representation of how we 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.

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|------------------------------------|---------------|----------------------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net cash provided by operating activities | \$ 107 | \$ 116 | \$ 242 | \$ 180 |
| Less: Property and equipment additions | (8) | (12) | (18) | (17) |
| Free cash flow | \$ 99 | \$ 104 | \$ 224 | \$ 163 |

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

| | As of June 30, 2022 | As of December 31, 2021 |
|---|------------------------|----------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 400 | \$ 171 |
| Trade receivables, net | 255 | 246 |
| Assets held for sale | — | 154 |
| Property and equipment, net | 103 | 106 |
| Goodwill and intangible assets, net | 3,097 | 3,200 |
| Other current and non-current assets | 395 | 392 |
| Total assets | \$ 4,250 | \$ 4,269 |
| Liabilities and stockholders' equity | | |
| Total debt | \$ 2,078 | \$ 2,084 |
| Other current liabilities | 377 | 376 |
| Deferred income tax liabilities | 346 | 366 |
| Other non-current liabilities | 353 | 354 |
| Total liabilities | 3,154 | 3,180 |
| Total stockholders' equity | 1,096 | 1,089 |
| Total liabilities and stockholders' equity | \$ 4,250 | \$ 4,269 |

Our outstanding debt was as follows:

| | As of June 30, 2022 | As of December 31, 2021 |
|---|------------------------|----------------------------|
| \$750 million revolving credit facility (due April 2027) ^(a) | \$ — | \$ — |
| Term loan A (due April 2027) ^(a) | 399 | — |
| Term loan B (due May 2025) ^(a) | 1,138 | 1,541 |
| 4.375% senior unsecured notes (due August 2028) | 494 | 493 |
| Finance leases | 47 | 50 |
| Total debt | 2,078 | 2,084 |
| Cash and cash equivalents | 400 | 171 |
| Net debt | \$ 1,678 | \$ 1,913 |

Our outstanding debt as of June 30, 2022 matures as follows:

| | Amount |
|-----------------------|-----------------|
| within 1 year | \$ 10 |
| between 1 and 2 years | 26 |
| between 2 and 3 years | 1,167 |
| between 3 and 4 years | 36 |
| between 4 and 5 years | 328 |
| thereafter | 511 |
| Total | \$ 2,078 |

^(a) In April 2022, the Company amended its credit agreement, which extended the maturity of the revolving credit facility from May 2023 to April 2027 and issued a new \$400 million term loan A, which also matures in April 2027. The proceeds from the new term loan were used to pay down a portion of the existing term loan B, which matures in May 2025.

Table 5
WYNDHAM HOTELS & RESORTS
REVENUE DRIVERS

| | Six Months Ended June 30, | | | | |
|---|---------------------------|-----------------|----------------|-------------|---|
| | 2022 | 2021 | Change | % Change | |
| Beginning Room Count (January 1) | | | | | |
| United States | 490,600 | 487,300 | 3,300 | 1% | |
| International | 319,500 | 308,600 | 10,900 | 4 | |
| Global | 810,100 | 795,900 | 14,200 | 2 | |
| Additions | | | | | |
| United States | 13,100 | 8,100 | 5,000 | 62 | |
| International | 12,700 | 9,300 | 3,400 | 37 | |
| Global | 25,800 | 17,400 | 8,400 | 48 | |
| Deletions | | | | | |
| United States | (11,300) | (10,600) | (700) | (7) | |
| International | (5,700) | (4,700) | (1,000) | (21) | |
| Global | (17,000) | (15,300) | (1,700) | (11) | |
| Ending Room Count (June 30) | | | | | |
| United States | 492,400 | 484,800 | 7,600 | 2 | |
| International | 326,500 | 313,200 | 13,300 | 4 | |
| Global | 818,900 | 798,000 | 20,900 | 3% | |
| As of June 30, | | | | | |
| | 2022 | 2021 | Change | % Change | FY 2019 Royalty Contribution ^(a) |
| System Size | | | | | |
| United States | | | | | |
| Economy | 238,500 | 247,500 | (9,000) | (4%) | |
| Midscale and Upper Midscale | 235,400 | 219,600 | 15,800 | 7 | |
| Upscale and Above | 18,500 | 17,700 | 800 | 5 | |
| Total United States | 492,400 | 484,800 | 7,600 | 2% | 86% |
| International | | | | | |
| Greater China | 156,800 | 148,600 | 8,200 | 6% | 3 |
| Rest of Asia Pacific | 29,200 | 28,300 | 900 | 3 | 1 |
| Europe, the Middle East and Africa | 67,900 | 66,700 | 1,200 | 2 | 4 |
| Canada | 39,100 | 39,600 | (500) | (1) | 5 |
| Latin America | 33,500 | 30,000 | 3,500 | 12 | 1 |
| Total International | 326,500 | 313,200 | 13,300 | 4% | 14 |
| Global | 818,900 | 798,000 | 20,900 | 3% | 100% |

^(a) FY 2019 provided to illustrate pre-pandemic results.

Table 5 (continued)
WYNDHAM HOTELS & RESORTS
REVENUE DRIVERS

| | Three Months Ended June 30, 2022 | Constant Currency % Change ^(a) | Three-Year Basis % Change ^(b) |
|------------------------------------|-------------------------------------|--|---|
| Regional RevPAR Growth | | | |
| United States | | | |
| Economy | \$ 46.58 | 9% | 13% |
| Midscale and Upper Midscale | 61.76 | 17 | 6 |
| Upscale and Above | 108.06 | 43 | (3) |
| Total United States | \$ 55.57 | 15% | 9% |
| International | | | |
| Greater China | \$ 13.20 | (27%) | (32%) |
| Rest of Asia Pacific | 26.11 | 28 | (21) |
| Europe, the Middle East and Africa | 44.45 | 223 | 6 |
| Canada | 50.64 | 104 | 4 |
| Latin America | 34.64 | 175 | 33 |
| Total International | \$ 27.46 | 59% | (6%) |
| Global | \$ 44.28 | 23% | 3% |
| Three Months Ended June 30, | | | |
| | 2022 | 2021 | % Change ^(c) |
| Average Royalty Rate | | | |
| United States | 4.6% | 4.6% | — |
| International | 2.1% | 2.2% | (10 bps) |
| Global | 4.0% | 4.2% | (20 bps) |
| Six Months Ended June 30, | | | |
| | 2022 | 2021 | % Change ^(c) |
| Regional RevPAR Growth | | | |
| United States | | | |
| Economy | \$ 40.86 | 17% | 12% |
| Midscale and Upper Midscale | 54.54 | 26 | 3 |
| Upscale and Above | 93.88 | 55 | (8) |
| Total United States | \$ 48.87 | 24% | 7% |
| International | | | |
| Greater China | \$ 13.26 | (17%) | (30%) |
| Rest of Asia Pacific | 24.49 | 22 | (29) |
| Europe, the Middle East and Africa | 37.43 | 175 | (5) |
| Canada | 42.17 | 85 | — |
| Latin America | 33.61 | 153 | 33 |
| Total International | \$ 24.73 | 53% | (11%) |
| Global | \$ 39.20 | 29% | —% |
| Six Months Ended June 30, | | | |
| | 2022 | 2021 | % Change ^(c) |
| Average Royalty Rate | | | |
| United States | 4.6% | 4.6% | — |
| International | 2.2% | 2.1% | 10 bps |
| Global | 4.0% | 4.1% | (10 bps) |

(a) International excludes the impact of currency exchange movements.

(b) Compares 2022 to 2019; international excludes the impact of currency exchange movements.

(c) Declines in royalty rates are due to international regions recovering at a faster pace.

Table 6
WYNDHAM HOTELS & RESORTS
HISTORICAL REVPAR AND ROOMS

| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Full Year |
|-----------------------------|---------------|----------------|---------------|----------------|-----------|
| Hotel Franchising | | | | | |
| Global RevPAR | | | | | |
| 2022 | \$ 33.08 | \$ 43.74 | n/a | n/a | n/a |
| 2021 | \$ 24.02 | \$ 35.69 | \$ 44.67 | \$ 34.77 | \$ 34.85 |
| 2020 | \$ 25.90 | \$ 17.05 | \$ 28.83 | \$ 23.19 | \$ 23.74 |
| 2019 | \$ 33.76 | \$ 42.04 | \$ 45.23 | \$ 34.51 | \$ 38.91 |
| U.S. RevPAR | | | | | |
| 2022 | \$ 41.01 | \$ 54.70 | n/a | n/a | n/a |
| 2021 | \$ 29.68 | \$ 46.99 | \$ 56.38 | \$ 42.45 | \$ 43.95 |
| 2020 | \$ 31.43 | \$ 23.19 | \$ 36.06 | \$ 27.28 | \$ 29.50 |
| 2019 | \$ 37.69 | \$ 48.65 | \$ 51.93 | \$ 37.96 | \$ 44.09 |
| International RevPAR | | | | | |
| 2022 | \$ 21.05 | \$ 26.80 | n/a | n/a | n/a |
| 2021 | \$ 15.26 | \$ 18.21 | \$ 26.62 | \$ 23.13 | \$ 20.86 |
| 2020 | \$ 17.39 | \$ 7.66 | \$ 17.39 | \$ 16.71 | \$ 14.75 |
| 2019 | \$ 27.56 | \$ 31.59 | \$ 34.79 | \$ 29.15 | \$ 30.80 |
| Global Rooms | | | | | |
| 2022 | 793,200 | 799,200 | n/a | n/a | n/a |
| 2021 | 748,700 | 752,500 | 758,600 | 769,400 | 769,400 |
| 2020 | 769,000 | 754,700 | 748,200 | 746,500 | 746,500 |
| 2019 | 745,300 | 751,300 | 758,400 | 770,200 | 770,200 |
| U.S. Rooms | | | | | |
| 2022 | 486,600 | 487,600 | n/a | n/a | n/a |
| 2021 | 452,500 | 454,200 | 458,000 | 465,100 | 465,100 |
| 2020 | 463,900 | 460,200 | 459,600 | 452,600 | 452,600 |
| 2019 | 454,900 | 457,600 | 460,100 | 464,600 | 464,600 |
| International Rooms | | | | | |
| 2022 | 306,600 | 311,600 | n/a | n/a | n/a |
| 2021 | 296,200 | 298,300 | 300,600 | 304,300 | 304,300 |
| 2020 | 305,100 | 294,500 | 288,600 | 293,900 | 293,900 |
| 2019 | 290,400 | 293,700 | 298,300 | 305,600 | 305,600 |
| Hotel Management | | | | | |
| Global RevPAR | | | | | |
| 2022 | \$ 56.55 | \$ 65.13 | n/a | n/a | n/a |
| 2021 | \$ 38.17 | \$ 56.08 | \$ 64.63 | \$ 57.57 | \$ 53.81 |
| 2020 | \$ 50.00 | \$ 20.67 | \$ 34.34 | \$ 32.91 | \$ 34.67 |
| 2019 | \$ 63.25 | \$ 66.67 | \$ 66.65 | \$ 59.19 | \$ 64.01 |
| U.S. RevPAR | | | | | |
| 2022 | \$ 69.92 | \$ 135.35 | n/a | n/a | n/a |
| 2021 | \$ 42.89 | \$ 67.42 | \$ 78.27 | \$ 66.77 | \$ 63.20 |
| 2020 | \$ 54.35 | \$ 23.21 | \$ 39.12 | \$ 34.14 | \$ 37.97 |
| 2019 | \$ 65.58 | \$ 71.61 | \$ 70.75 | \$ 60.89 | \$ 67.32 |
| International RevPAR | | | | | |
| 2022 | \$ 40.26 | \$ 40.89 | n/a | n/a | n/a |
| 2021 | \$ 27.12 | \$ 31.20 | \$ 37.53 | \$ 40.96 | \$ 34.31 |
| 2020 | \$ 38.07 | \$ 13.78 | \$ 23.16 | \$ 29.86 | \$ 26.21 |
| 2019 | \$ 55.12 | \$ 49.53 | \$ 52.49 | \$ 53.67 | \$ 52.69 |
| Global Rooms | | | | | |
| 2022 | 20,100 | 19,700 | n/a | n/a | n/a |
| 2021 | 48,500 | 45,500 | 44,000 | 40,700 | 40,700 |
| 2020 | 59,300 | 58,200 | 55,800 | 49,400 | 49,400 |
| 2019 | 66,800 | 65,200 | 63,400 | 60,800 | 60,800 |
| U.S. Rooms | | | | | |
| 2022 | 5,300 | 4,800 | n/a | n/a | n/a |
| 2021 | 33,500 | 30,600 | 28,800 | 25,500 | 25,500 |
| 2020 | 42,900 | 41,800 | 38,100 | 34,700 | 34,700 |
| 2019 | 51,700 | 50,700 | 49,100 | 45,600 | 45,600 |
| International Rooms | | | | | |
| 2022 | 14,800 | 14,900 | n/a | n/a | n/a |
| 2021 | 15,000 | 14,900 | 15,200 | 15,200 | 15,200 |
| 2020 | 16,400 | 16,400 | 17,700 | 14,700 | 14,700 |
| 2019 | 15,100 | 14,500 | 14,300 | 15,200 | 15,200 |

Table 6 (continued)
WYNDHAM HOTELS & RESORTS
HISTORICAL REVPAR AND ROOMS

| Total System | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Full Year |
|-----------------------------|----------------------|-----------------------|----------------------|-----------------------|------------------|
| Global RevPAR | | | | | |
| 2022 | \$ 34.06 | \$ 44.28 | n/a | n/a | n/a |
| 2021 | \$ 24.90 | \$ 36.92 | \$ 45.80 | \$ 35.99 | \$ 35.95 |
| 2020 | \$ 27.68 | \$ 17.31 | \$ 29.23 | \$ 23.84 | \$ 24.51 |
| 2019 | \$ 36.21 | \$ 44.06 | \$ 46.94 | \$ 36.36 | \$ 40.92 |
| U.S. RevPAR | | | | | |
| 2022 | \$ 42.11 | \$ 55.57 | n/a | n/a | n/a |
| 2021 | \$ 30.62 | \$ 48.37 | \$ 57.73 | \$ 43.84 | \$ 45.19 |
| 2020 | \$ 33.45 | \$ 23.19 | \$ 36.31 | \$ 27.80 | \$ 30.20 |
| 2019 | \$ 40.56 | \$ 50.98 | \$ 53.79 | \$ 40.09 | \$ 46.39 |
| International RevPAR | | | | | |
| 2022 | \$ 21.95 | \$ 27.46 | n/a | n/a | n/a |
| 2021 | \$ 15.83 | \$ 18.84 | \$ 27.15 | \$ 23.99 | \$ 21.52 |
| 2020 | \$ 18.45 | \$ 7.96 | \$ 17.72 | \$ 17.37 | \$ 15.35 |
| 2019 | \$ 28.92 | \$ 32.47 | \$ 35.63 | \$ 30.29 | \$ 31.85 |
| Global Rooms | | | | | |
| 2022 | 813,300 | 818,900 | n/a | n/a | n/a |
| 2021 | 797,200 | 798,000 | 802,600 | 810,100 | 810,100 |
| 2020 | 828,300 | 812,900 | 804,000 | 795,900 | 795,900 |
| 2019 | 812,100 | 816,600 | 821,800 | 831,000 | 831,000 |
| U.S. Rooms | | | | | |
| 2022 | 491,900 | 492,400 | n/a | n/a | n/a |
| 2021 | 486,000 | 484,800 | 486,800 | 490,600 | 490,600 |
| 2020 | 506,800 | 502,000 | 497,700 | 487,300 | 487,300 |
| 2019 | 506,600 | 508,300 | 509,200 | 510,200 | 510,200 |
| International Rooms | | | | | |
| 2022 | 321,400 | 326,500 | n/a | n/a | n/a |
| 2021 | 311,200 | 313,200 | 315,800 | 319,500 | 319,500 |
| 2020 | 321,500 | 310,900 | 306,300 | 308,600 | 308,600 |
| 2019 | 305,500 | 308,300 | 312,600 | 320,800 | 320,800 |

NOTE: Amounts may not foot due to rounding. Results reflect the reclassification of rooms from the Hotel Management segment to the Hotel Franchising segment related to the CorePoint Lodging asset sales, including approximately 19,000 rooms in first quarter 2022.

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 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 a substitute for, nor superior to, financial results and measures determined or calculated in accordance with GAAP.

Reconciliation of Net Income/(Loss) to Adjusted EBITDA:

| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Full Year |
|---|---------------|----------------|---------------|----------------|---------------|
| 2022 | | | | | |
| Net income | \$ 106 | \$ 92 | | | |
| Provision for income taxes | 34 | 31 | | | |
| Depreciation and amortization | 24 | 17 | | | |
| Interest expense, net | 20 | 20 | | | |
| Early extinguishment of debt ^(a) | — | 2 | | | |
| Stock-based compensation expense | 8 | 9 | | | |
| Development advance notes amortization ^(b) | 3 | 3 | | | |
| (Gain)/loss on asset sales ^(c) | (36) | 1 | | | |
| Separation-related (income)/expenses ^(d) | — | (1) | | | |
| Foreign currency impact of highly inflationary countries ^(e) | — | 1 | | | |
| Adjusted EBITDA | <u>\$ 159</u> | <u>\$ 175</u> | | | |
| 2021 | | | | | |
| Net income | \$ 24 | \$ 68 | \$ 103 | \$ 48 | \$ 244 |
| Provision for income taxes | 11 | 25 | 36 | 19 | 91 |
| Depreciation and amortization | 24 | 24 | 23 | 25 | 95 |
| Interest expense, net | 28 | 22 | 22 | 22 | 93 |
| Early extinguishment of debt ^(a) | — | 18 | — | — | 18 |
| Stock-based compensation expense | 5 | 8 | 7 | 8 | 28 |
| Development advance notes amortization ^(b) | 2 | 2 | 3 | 3 | 11 |
| Impairments, net ^(f) | — | — | — | 6 | 6 |
| Separation-related expenses ^(d) | 2 | 1 | — | — | 3 |
| Foreign currency impact of highly inflationary countries ^(e) | 1 | — | — | — | 1 |
| Adjusted EBITDA | <u>\$ 97</u> | <u>\$ 168</u> | <u>\$ 194</u> | <u>\$ 131</u> | <u>\$ 590</u> |
| 2020 | | | | | |
| Net income/(loss) | \$ 22 | \$ (174) | \$ 27 | \$ (7) | \$ (132) |
| Provision for/(benefit from) income taxes | 9 | (48) | 15 | (2) | (26) |
| Depreciation and amortization | 25 | 25 | 24 | 24 | 98 |
| Interest expense, net | 25 | 28 | 29 | 30 | 112 |
| Stock-based compensation expense | 4 | 5 | 5 | 5 | 19 |
| Development advance notes amortization ^(b) | 2 | 2 | 2 | 2 | 9 |
| Impairments, net ^(f) | — | 206 | — | — | 206 |
| Restructuring costs ^(g) | 13 | 16 | — | 5 | 34 |
| Transaction-related expenses, net ^(h) | 8 | 5 | — | — | 12 |
| Separation-related expenses ^(d) | 1 | — | — | 1 | 2 |
| Foreign currency impact of highly inflationary countries ^(e) | — | — | 1 | — | 2 |
| Adjusted EBITDA | <u>\$ 109</u> | <u>\$ 66</u> | <u>\$ 103</u> | <u>\$ 58</u> | <u>\$ 336</u> |

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

| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Full Year |
|---|---------------|----------------|---------------|----------------|---------------|
| 2019 | | | | | |
| Net income | \$ 21 | \$ 26 | \$ 45 | \$ 64 | \$ 157 |
| Provision for income taxes | 5 | 10 | 21 | 14 | 50 |
| Depreciation and amortization | 29 | 27 | 26 | 28 | 109 |
| Interest expense, net | 24 | 26 | 25 | 25 | 100 |
| Stock-based compensation expense | 3 | 4 | 4 | 4 | 15 |
| Development advance notes amortization ^(b) | 2 | 2 | 2 | 2 | 8 |
| Impairment, net ^(f) | — | 45 | — | — | 45 |
| Contract termination costs ⁽ⁱ⁾ | — | 9 | 34 | (1) | 42 |
| Restructuring costs ^(k) | — | — | — | 8 | 8 |
| Transaction-related expenses, net ^(h) | 7 | 11 | 12 | 10 | 40 |
| Separation-related expenses ^(d) | 21 | 1 | — | — | 22 |
| Transaction-related item ^(l) | — | — | 20 | — | 20 |
| Foreign currency impact of highly inflationary countries ^(e) | 1 | — | 3 | 1 | 5 |
| Adjusted EBITDA | \$ 113 | \$ 161 | \$ 192 | \$ 155 | \$ 621 |

NOTE: Amounts may not add due to rounding.

- (a) Amount in 2022 relates to non-cash charges associated with the Company's extension of its revolving credit facility and the prepayment of \$400 million of its term loan B. Amount in 2021 relates to the redemption premium and non-cash expenses associated with the early redemption of the Company's 5.375% senior unsecured notes.
- (b) Represents the non-cash amortization of development advance notes, which is now excluded from adjusted EBITDA to reflect how the Company's chief operating decision maker reviews operating performance.
- (c) Represents (gain)/loss on sales of the Company's owned hotels, the Wyndham Grand Bonnet Creek Resort and Wyndham Grand Rio Mar Resort.
- (d) Represents costs associated with the Company's spin-off from Wyndham Worldwide.
- (e) Relates to the foreign currency impact from hyper-inflation, primarily in Argentina, which is reflected in operating expenses on the income statement.
- (f) 2021 represents a non-cash charge to reduce the carrying values of the Company's owned hotels long-lived assets to their fair value in connection with the Company's Board approval of a plan to sell these assets in 2022. 2020 represents a non-cash charge to reduce the carrying values of certain intangible assets to their fair values principally attributable to higher discount rates primarily resulting from increased share price volatility, partially offset by \$3 million of cash proceeds from a previously impaired asset.
- (g) Represents charges associated with restructuring initiatives implemented in response to the effects on travel demand as a result of COVID-19.
- (h) Primarily relates to integration costs incurred in connection with the Company's acquisition of La Quinta.
- (i) Represents a non-cash charge associated with the termination of certain hotel-management arrangements.
- (j) Represents costs associated with the termination of certain hotel-management arrangements.
- (k) Represents a charge related to enhancing the Company's organizational efficiency and rationalizing our operations.
- (l) Represents the one-time fee credit related to the Company's agreement with CorePoint Lodging, which is reflected as a reduction to hotel management revenues 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 June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|---------|---------------------------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| Diluted earnings per share | \$ 1.00 | \$ 0.73 | \$ 2.13 | \$ 0.99 |
| Net income | \$ 92 | \$ 68 | \$ 198 | \$ 93 |
| Adjustments: | | | | |
| Acquisition-related amortization expense ^(a) | 6 | 9 | 18 | 18 |
| Early extinguishment of debt ^(b) | 2 | 18 | 2 | 18 |
| Foreign currency impact of highly inflationary countries | 1 | — | 2 | 1 |
| Loss/(gain) on asset sales ^(c) | 1 | — | (35) | — |
| Separation-related (income)/expenses | (1) | 1 | (1) | 3 |
| Total adjustments before tax | 9 | 28 | (14) | 40 |
| Income tax provision/(benefit) ^(d) | 2 | 7 | (3) | 10 |
| Total adjustments after tax | 7 | 21 | (11) | 30 |
| Adjusted net income | \$ 99 | \$ 89 | \$ 187 | \$ 123 |
| Adjustments - EPS impact | 0.07 | 0.22 | (0.11) | 0.32 |
| Adjusted diluted EPS | \$ 1.07 | \$ 0.95 | \$ 2.02 | \$ 1.31 |
| Diluted weighted average shares outstanding | 92.1 | 94.1 | 92.7 | 93.9 |

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

^(b) Amount in 2022 relates to non-cash charges associated with the Company's extension of its revolving credit facility and the prepayment of \$400 million of its term loan B. Amount in 2021 relates to the redemption premium and non-cash expenses associated with the early redemption of the Company's 5.375% senior unsecured notes.

^(c) Represents (gain)/loss on sales of the Company's owned hotels, the Wyndham Grand Bonnet Creek Resort and Wyndham Grand Rio Mar.

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

Table 8
WYNDHAM HOTELS & RESORTS
2022 OUTLOOK
As of July 26, 2022
(In millions, except per share data)

| | 2022 Outlook ^(b) | 2021 | 2019 |
|--|-----------------------------|---------------|---------------|
| Fee-related and other revenues | \$ 1,286 - 1,316 | \$ 1,245 | \$ 1,430 |
| Adjusted EBITDA ^(a) | 611 - 631 | 590 | 621 |
| Depreciation and amortization expense ^(c) | 46 - 48 | 57 | 72 |
| Development advance notes amortization expense | 12 - 14 | 11 | 8 |
| Stock-based compensation expense | 34 - 36 | 28 | 15 |
| Interest expense, net | 83 - 85 | 93 | 100 |
| Adjusted income before income taxes | 434 - 448 | 401 | 426 |
| Income tax expense ^(d) | 111 - 114 | 104 | 109 |
| Adjusted net income ^(a) | <u>\$ 323 - 334</u> | <u>\$ 297</u> | <u>\$ 317</u> |
| Adjusted diluted EPS | \$ 3.51 - 3.63 | \$ 3.16 | \$ 3.28 |
| Diluted shares ^(e) | 91.9 | 93.9 | 96.6 |
| Marketing, reservation and loyalty funds | Approx. \$10 | \$ 18 | \$ (1) |
| Capital expenditures | Approx. \$40 | \$ 37 | \$ 50 |
| Development advance notes | Approx. \$55 | \$ 32 | \$ 19 |
| Free cash flow conversion rate ^(f) | Approx. 55% | 66% | 8% |
| Year-over-Year Growth | | | |
| Global RevPAR ^(g) | 12% - 16% | 47% | 0% |
| Number of rooms | 2% - 4% | 2% | 3% |

^(a) Net income for full-year 2021 and 2019 was \$244 million and \$157 million, respectively. Please see Table 7 for reconciliation.

^(b) Primarily updated, where applicable, for future projections related to the Company's license fees from Travel & Leisure based on their full-year 2022 Gross VOI Sales outlook provided on April 28, 2022.

^(c) Excludes amortization of acquisition-related intangible assets of \$32 - \$34 million.

^(d) Outlook assumes an effective tax rate of approximately 26%.

^(e) Excludes the impact of any share repurchases after June 30, 2022.

^(f) Represents the percentage of adjusted EBITDA that is expected to produce free cash flow. Free cash flow plus capital expenditures equals net cash from operating activities. Net cash provided by operating activities was \$426 million and \$100 million during 2021 and 2019, respectively.

^(g) Outlook represents global RevPAR consistent with 2019 levels.

In determining adjusted EBITDA, interest expense, net, adjusted income before income taxes, adjusted net income, adjusted diluted EPS and 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/(loss) and diluted earnings/(loss) per share excluding acquisition-related amortization, impairment charges, restructuring and related charges, contract termination costs, transaction-related items (acquisition-, disposition-, or separation-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/(loss) excluding net interest expense, depreciation and amortization, early extinguishment of debt charges, impairment charges, restructuring and related charges, contract termination costs, transaction-related items (acquisition-, disposition-, or separation-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/(loss) 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.

During the first quarter of 2021, the Company modified the definition of adjusted EBITDA to exclude the amortization of development advance notes to reflect how the Company's chief operating decision maker reviews operating performance beginning in 2021. The Company has applied the modified definition of adjusted EBITDA to all periods presented.

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.

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: See Table 3 for definition.

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 we receive 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 our franchised properties and is calculated by dividing total royalties, excluding the impact of amortization of development advance notes, by total room revenues.