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HOTELS & RESORTS

Wyndham Hotels & Resorts Rejects Choice Hotels' Unsolicited Offer

October 26, 2023

Wyndham Grand Residences Costa del Sol
Mijas Costa, Spain

Wyndham Hotels & Resorts Overview

Largest hotel franchisor worldwide[a]	Leading brands in the resilient select-service segment	Asset-light business model generating significant free cash flow	Primarily leisure-focused, "drive to" portfolio of hotels

~9,100 Hotels	24 Brands	~237,000 Rooms in the Pipeline	~70% Leisure Guest Mix
~858,000 Current Rooms	95+ Countries	~105M Loyalty Members	~90% Drive to Destinations

Wyndham Has Built the Foundation for Long-Term, Sustainable Growth

Actions	Evolution Since Spin[a]	
Simplified, asset-light franchising business model with strong Adj. EBITDA margin and high free cash flow conversion	**80%+** Industry-leading Adj. EBITDA margins[b]	**~100%** Annual FCF conversion[c]
Maintained a strong balance sheet and consistently returned capital to shareholders	**3.3x / 4.9%** LTM Leverage and weighted average cost of debt[d]	**~$1.8 billion / 30%** Capital returned and market cap to shareholders
Drove organic growth and increased exposure in high RevPAR international markets	**11** Consecutive quarters of organic net room growth	**13** Consecutive quarters of pipeline growth
Developed new market entry products to underserved segments and investments to capture growing infrastructure business	**4** New brands targeting attractive segments	**265** ECHO Suites deals signed; fastest-growing extended stay brand
Cultivated franchisee relationships through owner-first mentality and making hotel travel possible for all	**200+bps** Retention rate improvement	**~105 million** Wyndham Rewards members

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Choice's Proposal is Not in the Best Interest of Wyndham Shareholders

Wyndham's standalone plan provides a more compelling risk-adjusted return compared to Choice's unsolicited offer

1. Uncertain Regulatory Timeline and Outcome Presents Vastly Asymmetrical Risk for Wyndham Shareholders without Appropriate Protections and Compensation

2. Choice's Offer Exploits Timing and Undervalues Wyndham's Superior, Standalone Growth Prospects

3. Choice's Slower-Growing Business and Post-Transaction, Higher Leverage Negatively Affects Equity Consideration

1

Uncertain Regulatory Timeline and Outcome Presents Vastly Asymmetrical Risk for Wyndham Shareholders

Super 8 by Wyndham Chester East
Chester, England

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Regulatory Clearance Timeline is Protracted and Outcome is Uncertain

Subject matter experts on both sides have acknowledged the combination would be subject to FTC second round review, which typically takes 12 to 18 months

U.S. Antitrust Investigations at Historic Highs	Combination Between Direct Competitors Likely Subject to Rigorous Regulatory Review	Industry Reaction to Proposed Transaction Could be a Factor in Review

Wyndham shareholders bear asymmetrical risk of business disruption during long period of uncertainty

Despite **multiple requests**, Choice has not offered solutions to address the significant risks posed to Wyndham and its shareholders

Franchisees Are Concerned About Losing Wyndham's Owner-First Philosophy

"Choice Hotels would care less about franchisees' profit. They're solely focused on profits for themselves. In my 25 years with Choice, it was rare to non-existent to have a relationship with senior leadership."
Super 8 owner

"I was supposed to break ground on a new Hawthorn and immediately put it to a halt because I want to know I am doing business with Wyndham, a company where I am family and not a number."
La Quinta and Hawthorn multi-unit owner

"Wyndham's owner-first approach starts at the very top and is lived by the entire organization. That's why we're focusing our new development effort with Wyndham and the Echo Suites brand, which will bring us much future success."
Echo developer

Prolonged Transaction Process Poses Business Disruption Risk

Wyndham's Board believes there is potential for irreparable damage to our business and erosion of shareholder value

Risks to Wyndham Shareholders During 12-to-18 month Regulatory Review Period

- Earnings growth impaired due to new business development disruption and lower materialization of current pipeline
- ECHO Suites by Wyndham development stagnates from developer unwillingness to move forward under Choice ownership
- Competitors capitalizing on franchisee uncertainty impacting continued momentum in retention rate and new development
- Ability to attract and retain premium talent in a tight labor market jeopardizing long-term growth prospects

Longer-dated timeline and potential dis-synergies impact standalone business and risk eroding value whether the deal closes or not

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Potential Risks to Wyndham Shareholders are Meaningful

Wyndham's ability to execute on its growth pillars may be hindered, negatively impacting both standalone and pro forma valuation

New Business Development

Wyndham Opens More than 450 Hotels Annually

>450
Annual Hotel Openings

~$25M
Annual EBITDA Potential

→ ~12x Multiple →

~$3.50
Potential Value Per Share

ECHO Suites

Industry's Fastest-Growing Brand Founded in Partnership with Leading Extended Stay Developers

265
ECHO Suites Expected to Open in Next 7 Years

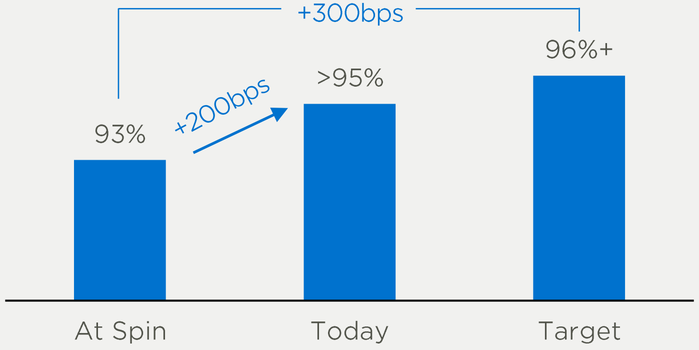
$27-32M
Annual EBITDA Potential

→ ~12x Multiple →

~$4.00
Potential Value Per Share

Franchisee Retention

Retention Improvement Momentum Driven by Wyndham's Owner-First Philosophy



200bps → 300bps
Retention Improvement

→ **~$8-12M**
Annual EBITDA Potential

→ **~$1.50**
Potential Value Per Share

Enhanced protections required to mitigate asymmetrical risk of not realizing these cash flows and resulting impact to Wyndham shareholders

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2

Choice's Offer Exploits Timing and Undervalues Wyndham's Superior, Standalone Growth Prospects

Wyndham Grand Krakow Old Town
Krakow, Poland

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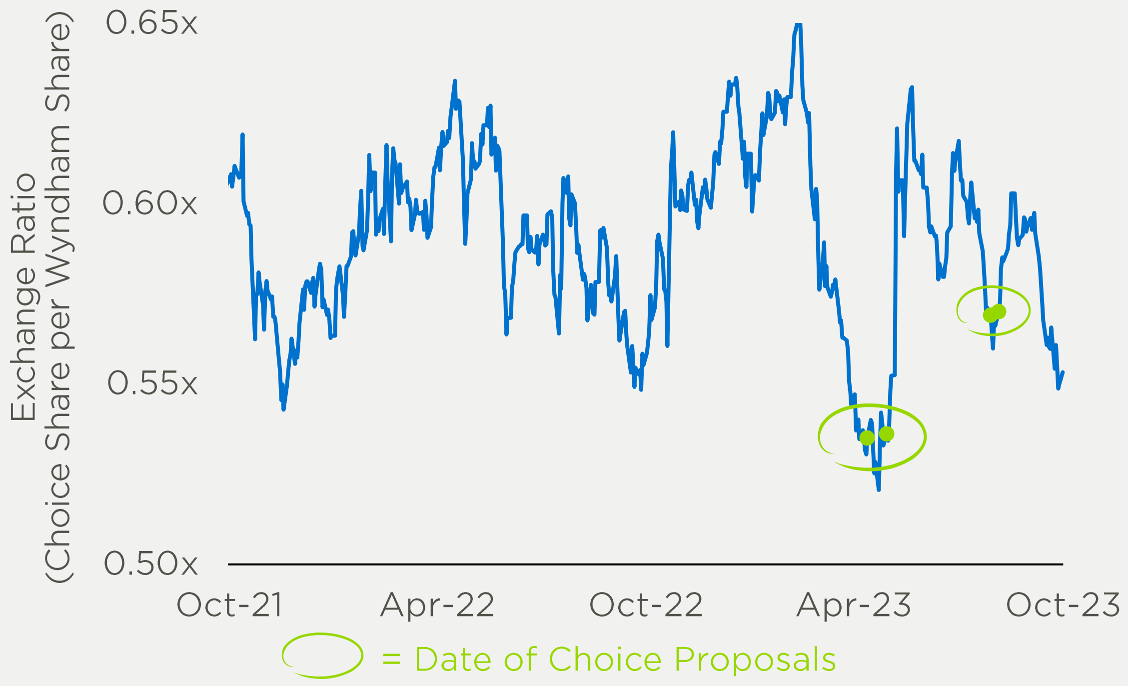
Choice's Proposal Exploits Timing

Choice's offer is an opportunistic attempt to take advantage of point-in-time stock price fluctuations resulting in a favorable exchange ratio to Choice

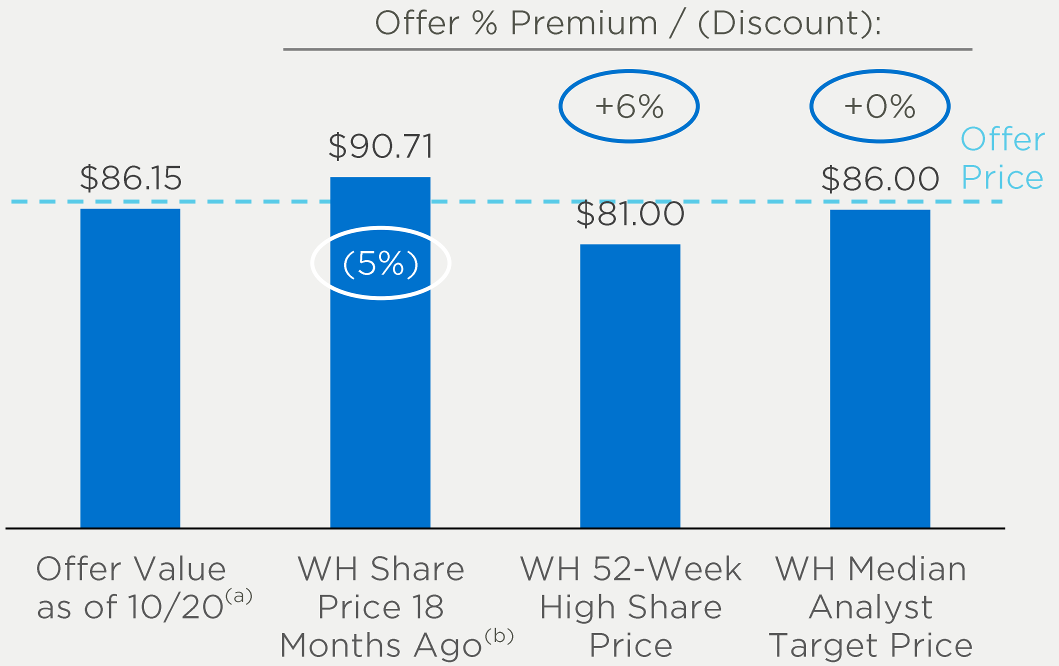
Most Favorable Exchange Ratio in Two Years

Choice takes advantage of point-in-time stock price fluctuations with offers coming at the most opportunistic times



Offer Does Not Represent Appropriate Valuation

Choice's latest offer represents a mere 6% premium to Wyndham's 52-week high, taking advantage of a temporary dislocation in share price



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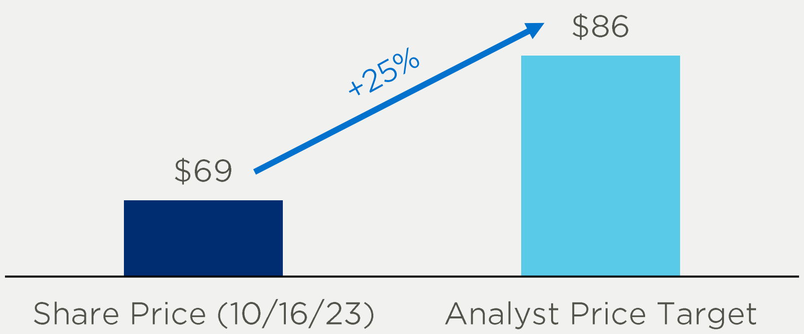
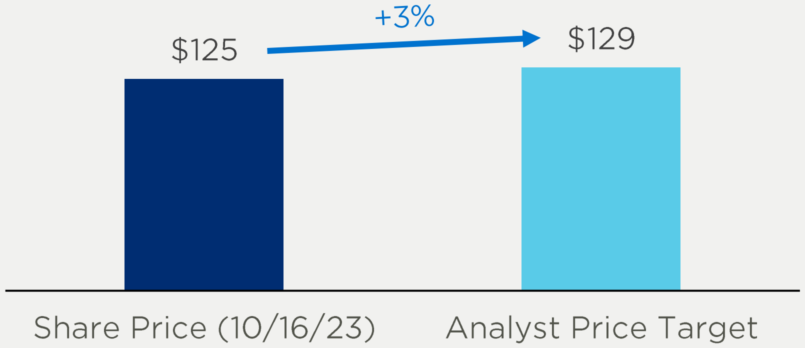
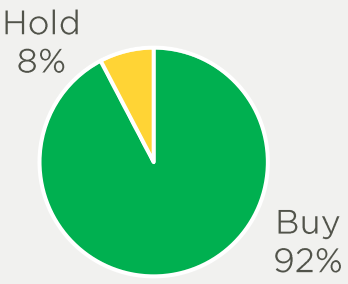
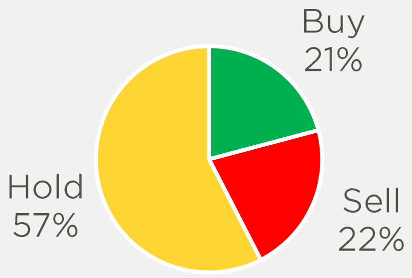
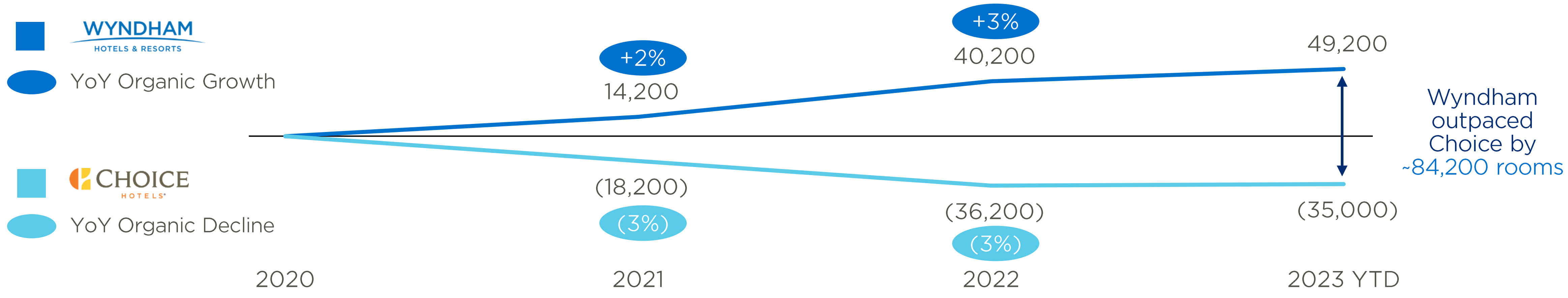
Industry Research Analysts Overwhelmingly Believe Wyndham is Undervalued and has Significant Upside

Wyndham stock was trading at a **25% discount** to its average price target vs. Choice's **3% discount; 12 of 13** covering analysts rate Wyndham stock as a "buy" vs. only **3 of 14** for Choice stock

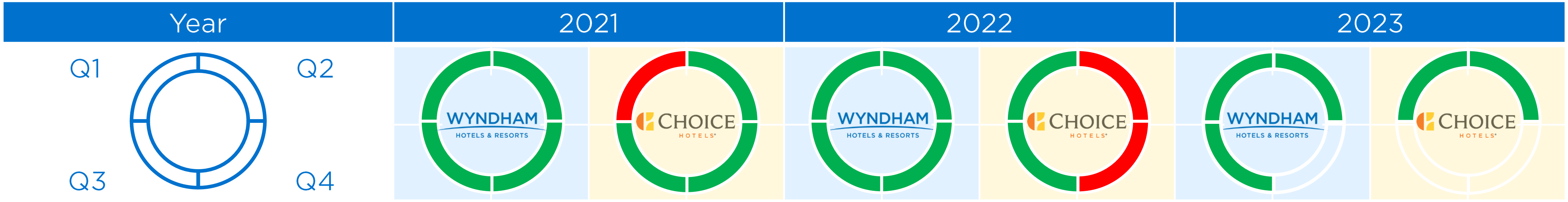
	Wyndham	Choice
Trading Performance		
Covering Analysts' Outlook	 Total analysts: 13	 Total analysts: 14

Wyndham's Proven Track Record of Delivering Results

Wyndham Has Outpaced Choice in Organic Room Growth



Actual Adj. Diluted EPS vs Consensus Analyst Estimates by Quarter and Year (Beat, Miss)

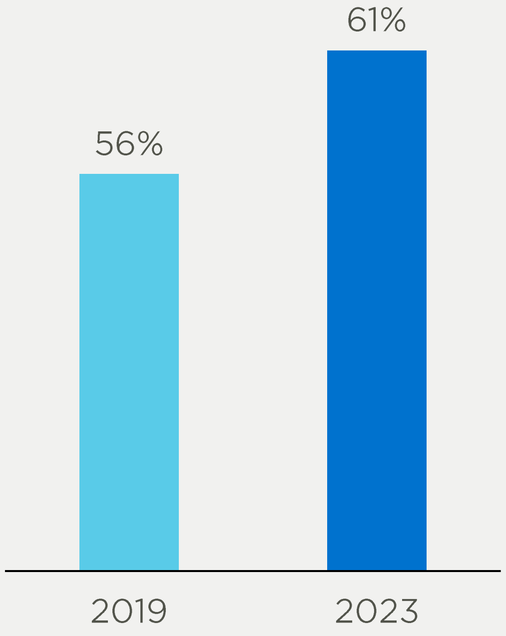


Wyndham has delivered organic net room growth and beat consensus EPS estimates for 11 consecutive quarters

Wyndham Continues Strong Track Record of Growth

Net Room Growth Pacing Ahead of Historical Performance Year-to-Date

% OF FY NRG ACHIEVED THROUGH Q3



DOMESTIC MIDSCALE+ SYSTEM YOY GROWTH

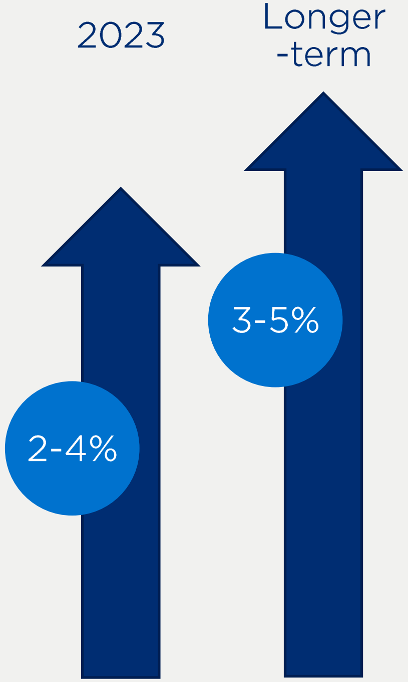
+4%

INTERNATIONAL DIRECT SYSTEM YOY GROWTH

+9%

Multiple Levers to Drive Net Room Growth

ORGANIC NET ROOM GROWTH



- Proven Value Proposition
- New Extended Stay Product (ECHO Suites by Wyndham)
- Large Addressable Conversion Market
- International Direct-Franchise Signings
- Continued Improvement in Retention Rates

Strong historical track record with further growth upside

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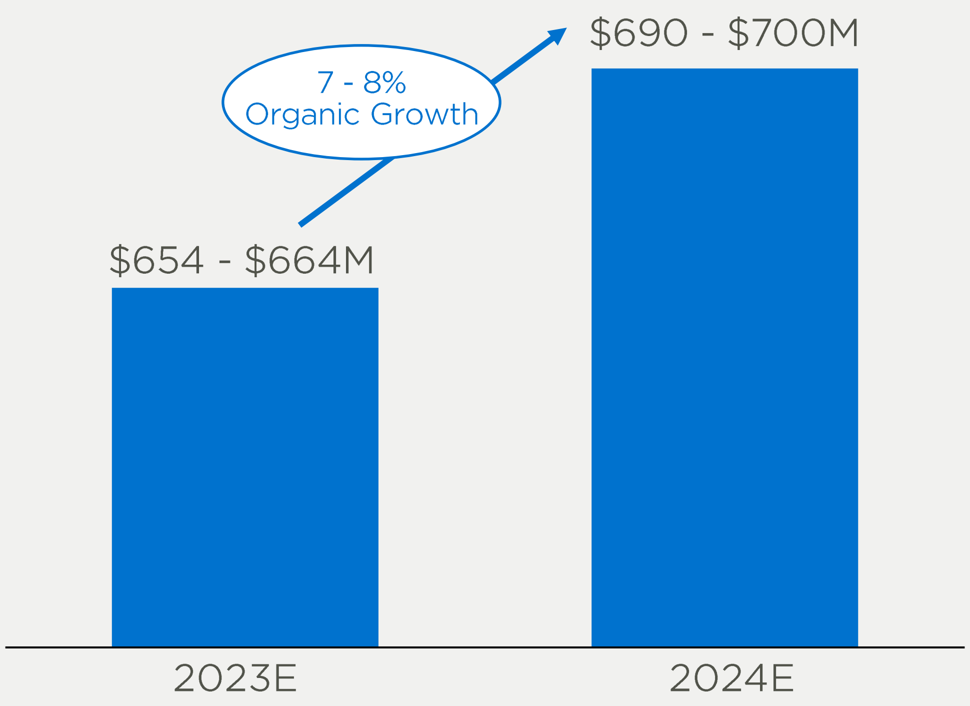
Wyndham Poised to Accelerate Growth . . .

2024 Adjusted EBITDA Outlook[a]



Incremental Growth Opportunities in the Medium-term

- ✓ Platform investment to capitalize on $1.5T U.S. infrastructure bill
- ✓ Continued occupancy recovery to pre-pandemic levels
- ✓ RevPAR accretion from our 70% midscale+ pipeline
- ✓ Improvement in our global retention rate to 96%+
- ✓ New earnings stream from ECHO Suites hotel openings
- ✓ Improvements in regional royalty rates
- ✓ Ancillary revenue opportunities

~200bps Growth

Continued realization of underway initiatives expected to produce 7 - 10% Adj. EBITDA CAGR through 2026

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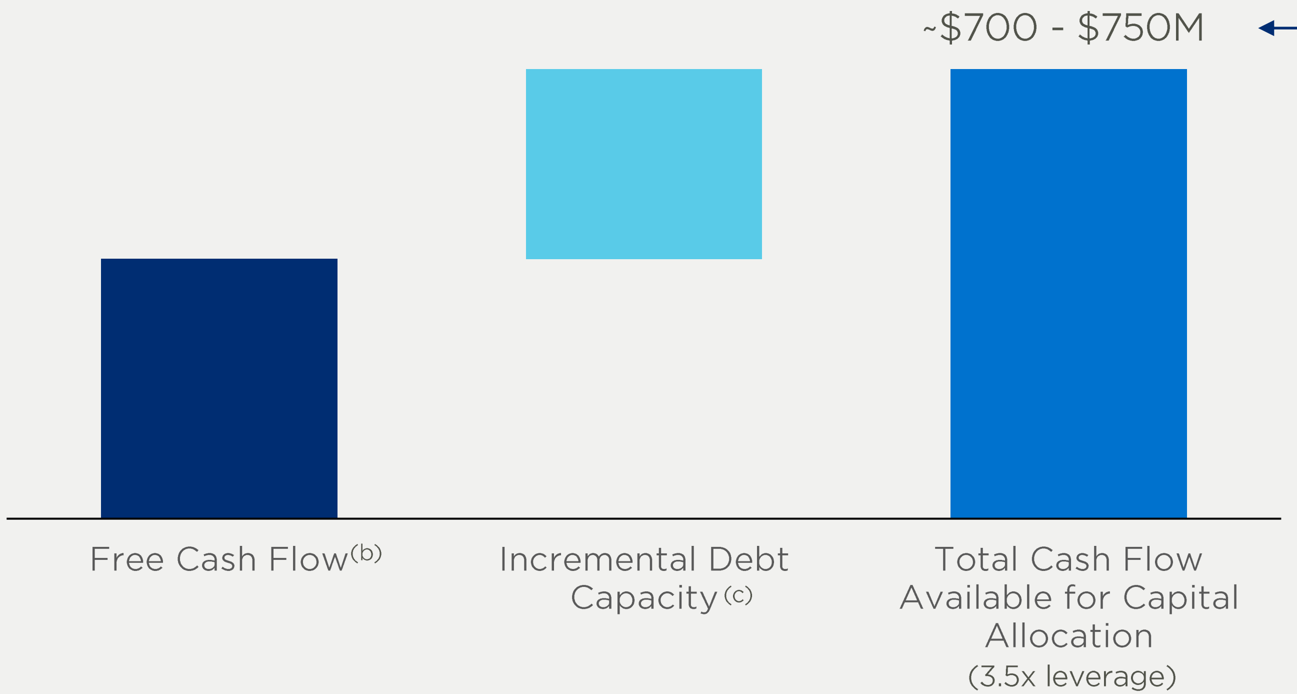
. . . And Capital Deployment Will Further Enhance Growth

Cash Available for Capital Allocation[a]



2024 capital allocation capacity (at target leverage range) of $700 - $750 million equates to **$8.50**[d]

Opportunity to deploy nearly **$2B** in capital to drive growth above 7 - 10% 3-year CAGR

Balance sheet capacity to invest in incremental growth initiatives and inorganic opportunities will further accelerate growth

3

Choice's Slower-Growing Business and Post-Transaction, Higher Leverage Negatively Affects Equity Consideration

Wyndham Garden Redwood Valley
Redwood Valley, California, USA

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Wyndham Shareholders Exposed to Slower-Growth Choice Business

		Wyndham	Choice
Operating	Number of rooms	851,500	628,901
	Q2 '23 TTM RevPAR (US)	$51.08	$55.31
	2023E RevPAR growth (company guidance)	4% - 6%	~2%[a]
	Q2 '23 YoY organic global net room growth	3%	(2%)[b]
	Q2 '21 – Q2 '23 organic global net room growth CAGR[c]	3% (A)	(3%)
	2023E organic net room growth (company guidance)	2% - 4%	~1%[d]
	Pipeline (# of rooms) / % of the system / YTD growth	228,000 / 27% / 4% (B)	93,646 / 15% / (12%)
Financial	1H '23 organic Adj. EBITDA growth[e]	9%	1%
	1H '23 organic Adj. EBITDA margin[e]	81%	73%
	1H '23 free cash flow conversion[f]	102% (C)	54%
	Net debt / LTM Adj. EBITDA[g]	3.2x	2.6x

A Wyndham organic net room growth outperforms Choice

B Wyndham's pipeline expanded 4% YTD, representing 13 consecutive quarters of growth, while Choice's pipeline contracted 12%

C Wyndham has significantly higher free cash flow conversion

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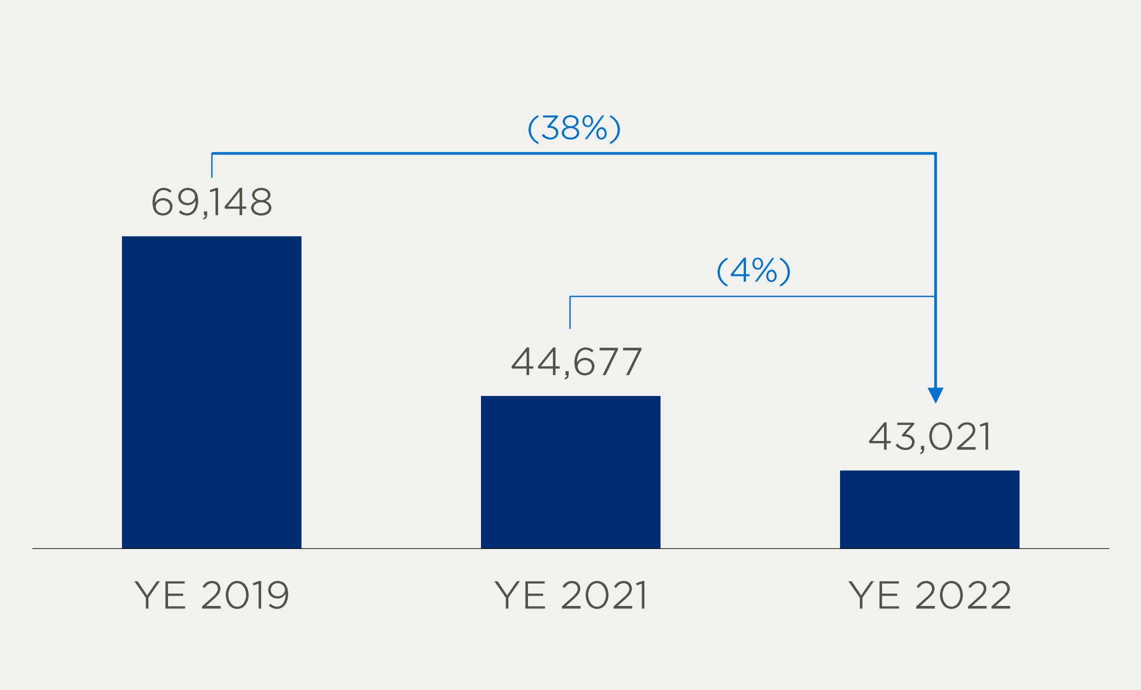
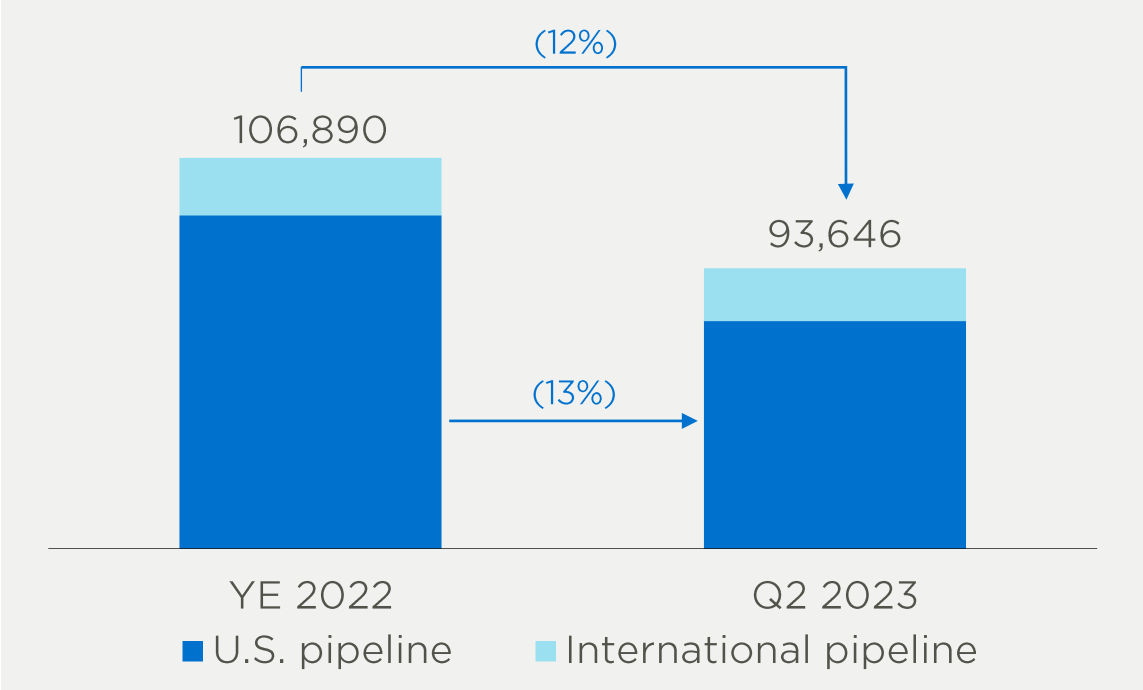
Choice's Future Growth is also Challenged Given a Declining Pipeline

Choice's Pipeline for RevPAR Accretive Brands[a] (by Number of Rooms)



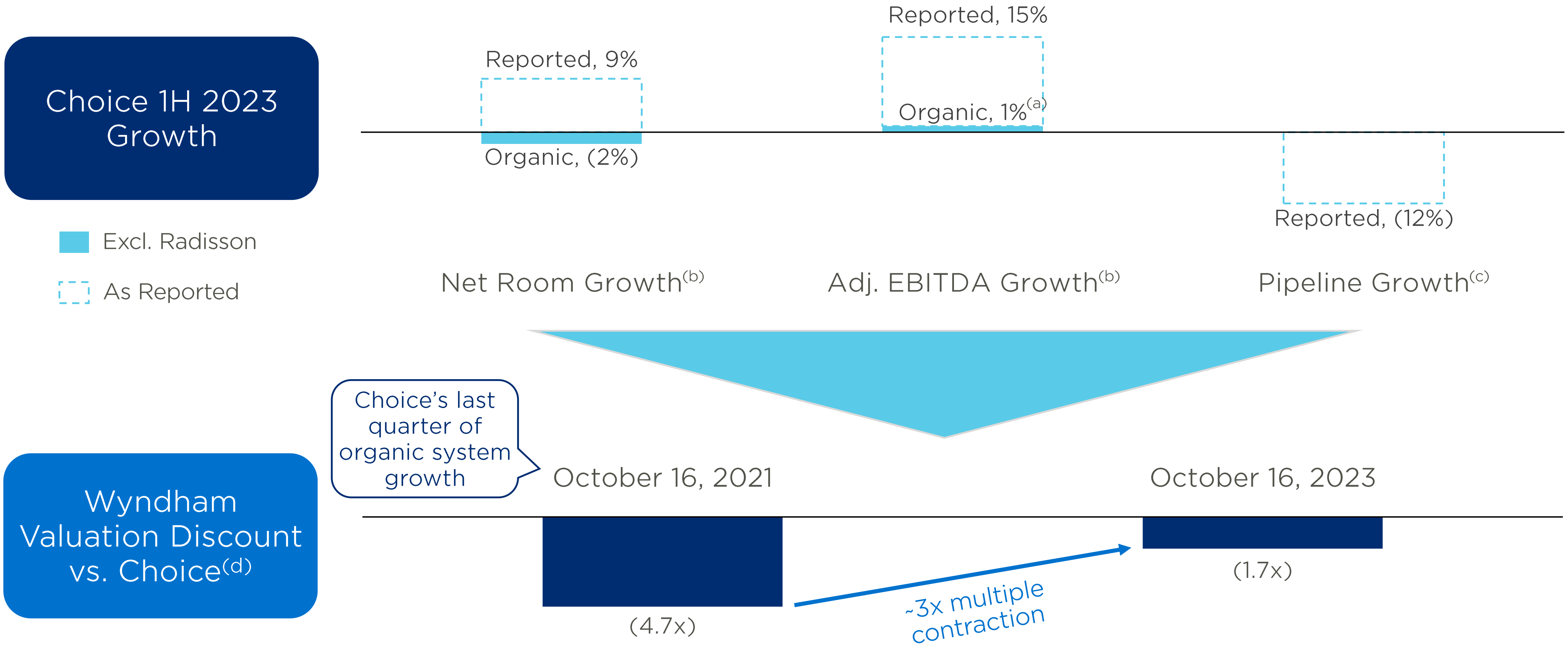
Choice's pipeline of RevPAR Accretive brands' declined 38% in 2022 vs. 2019

Choice's Global and U.S. Pipeline (by Number of Rooms)



Choice's pipeline has declined 12% year-to-date

Can Choice Maintain its Multiple Despite Lower Growth?



As organic growth declined, Choice's multiple premium contracted ~3x

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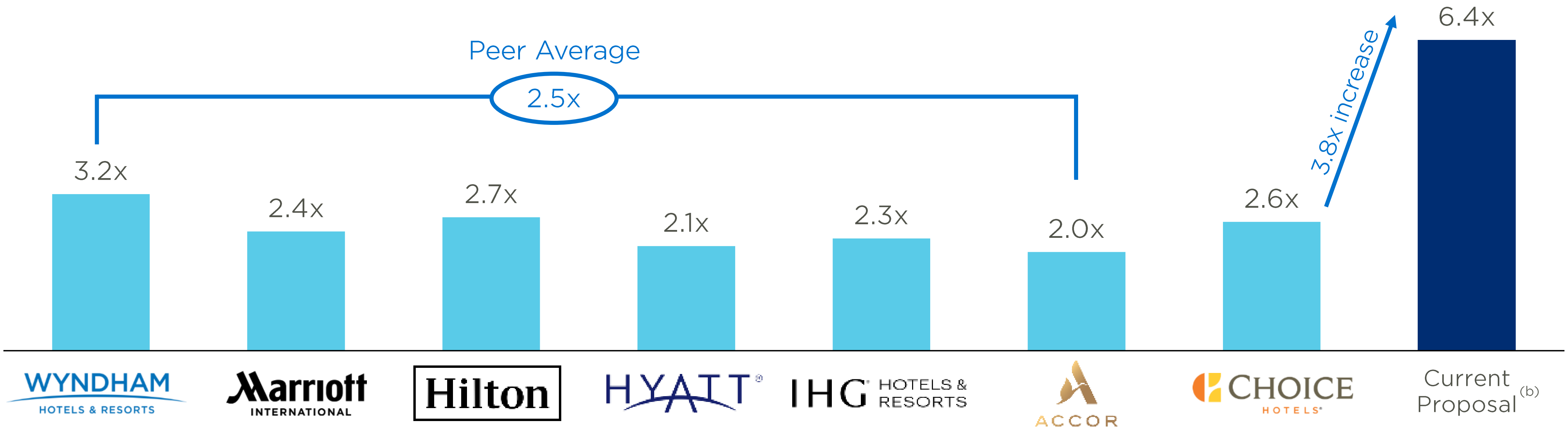
Excessive Leverage with Long Deleveraging Period During Which . . .

Choice would need to raise ~$6 billion total debt, including ~$4 billion incremental debt, in a historically high interest rate environment

Net Debt / LTM EBITDA Multiples[a]



Pro forma company would take four years to reach Choice's target range of 3 to 4x assuming all excess cash flow is allocated to deleveraging

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. . . Choice Could No Longer Rely on its Balance Sheet to Fund Growth

Significant capital deployment drove both Choice's organic and inorganic growth historically; Organic growth turned negative when capital deployment was curtailed

	2017A – 2019A		2020A – YTD 2023A	
	Investment[a]	Net Room Growth CAGR	Investment[a]	Net Room Growth CAGR
Organic Growth	~$550M	3%	~$140M	(1%)
M&A	~$230M (Woodspring)	2%	~$675M (Radisson)	3%

Result of reduced organic investment

Choice has been heavily reliant on balance sheet to fund growth

High leverage will constrain capital investment for long deleveraging period

Potential for significant impact to pro forma Choice's trading multiple

Limited ability to deploy growth capital during long deleveraging period could negatively impact Choice's multiple

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Proposal Inadequately Addresses Our Board’s Key Concerns

Hawthorn by Wyndham Dali Erhai Park
Yunnan, China

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Choice's Mischaracterization of Their Unsolicited Proposal

Choice Fiction	Fact
Parties were in Advanced Negotiations	✓ With every approach, our significant concerns with Choice's unsolicited offer were dismissed, ignored or unsatisfactorily addressed ✓ As a result, there was never engagement on substantive terms, including valuation or diligence
Alignment on NDA and Information Requests	✓ Choice was unwilling, from their first offer, to sign a customary mutual non-disclosure agreement allowing diligence for a transaction of this nature ✓ The documents Choice was prepared to provide under a one-way NDA were comprised mostly of publicly available information, and did not include materials to address our concerns over lack of organic growth
Clear Path to Completion	✓ Until September, Choice asserted the regulatory process was likely to be resolved in 60 days ✓ After discussions with Wyndham's advisors, Choice's advisors also acknowledged the high likelihood of a second request, which typically takes 12-18 months ✓ Choice's suggested "market standard protections" are not commensurate with the asymmetrical risk
Broadly Supported by Franchisees	✓ AAHOA, the owner association representing two-thirds of both Wyndham and Choice franchisees, described the potential combination as having "frightening" consequences for franchisees ✓ Franchisees have expressed significant concerns about losing Wyndham's owner-first philosophy
$1B Pro Forma Free Cash Flow in 2024	✓ Appears to ignore: 1) timing and upfront cost to realize synergies, 2) $300+ million interest expense on new debt, and 3) potential business disruption and dis-synergies ✓ Resulting lower free cash flow will constrain deleveraging and growth

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What is the True Value of the Offer?

Choice's offer lacks protections for our shareholders and is subject to an extended regulatory timeline, market volatility impacting Choice's equity, and business and execution risks to Wyndham shareholders

Transaction Timing

- Offer lacks protections and compensation for an extended regulatory review process of 12 to 18 months
- Wyndham's ability to execute on its growth pillars may be disrupted, impacting standalone and pro forma valuation

Choice's Equity Value During Review Period

- Offer value remains uncertain and subject to Choice's share price volatility, including potential declines
- Choice's interim earnings and capital allocation during review period could be pressured

Pro Forma Company Value

- Offer is contingent on equity consideration in a highly-leveraged and capital constrained company
- Franchisees' concerns regarding loss of our owner-first philosophy could create further dis-synergies that affect pro forma valuation

Proposal Inadequately Addresses Our Board's Key Concerns

Choice's offer has NOT satisfactorily solved for the following concerns:

- ❌ Necessary protections and value for Wyndham shareholders to compensate for a prolonged and uncertain regulatory process
- ❌ Appropriate value and premium for our business reflecting our strong, long-term growth prospects as a standalone company
- ❌ Transaction consideration mix that does not expose Wyndham to Choice's share price volatility pre-transaction closing and a constrained balance sheet post-transaction closing

Appendix

2024 Planning – Revenue Sensitivities

Adjusted EBITDA Sensitivities *(in millions)*	
1 point of RevPAR/Net Room Growth change vs. 2023	
U.S. royalties and franchise fees	~$3.4
International royalties and franchise fees	~$0.8
Marketing, reservation and loyalty fees	--
Non-RevPAR vs. 2023	
1 point change in license fees	~$1.0
1 point change in other revenue	~$1.0

Margin of ~85% on gross $4.9 million per point impact; assumes cost mitigation of ~15%

Funds expected to break-even until RevPAR declines in excess of ~10% (likely ~$2.4 million per point)

Not RevPAR-based but is sensitive to overall travel demand; subject to a $70 million floor

Not RevPAR-based but is somewhat sensitive to overall travel demand; predominately represents fee-based revenues from ancillary services provided to franchisees, including procurement and technology, as well as revenue associated with our co-branded credit card program

Long-Term Growth Opportunity

	Impact on Adj. EBITDA
Rooms growth	3-5%
RevPAR growth	2-3%
Scale/ancillary	0-1%
Growth initiatives	~2%
Long-term Adj. EBITDA growth potential before deployment of excess free cash and leverage capacity	7-10%

Footnotes

Page 2
Data is approximated as of September 30, 2023..
(a) Largest hotel franchisor by number of hotels.

Page 3
Note: Market data as of 10/20/23.
Source: Capital IQ, Company Filings.
(a) Wyndham spin-off date as of 05/31/2018.
(b) Represents FY 2022 margin. Calculation excludes the impact of cost reimbursement and marketing, reservation and loyalty fees.
(c) Reflects Adj. Net Income conversion to Free Cash Flow.
(d) LTM leverage as of 9/30/23. Weighted average cost of debt for Q3 2023.

Page 11
Note: Unaffected exchange ratio as of 10/16/2023.
Source: Capital IQ, Wall Street Research.
(a) Comprised of $49.50 of cash and 0.324 Choice shares per Wyndham share.
(b) Reflects share price as of 04/28/2022.

Page 12
Note: Data as of 10/23/2023.
Source: FactSet.

Page 13
Note: Financial data as of 06/30/2023.
Source: Company Filings, Capital IQ.

Page 14
Note: 2023 reflects the midpoint of our full-year 2-4% NRG outlook.

Page 15
(a) 2023 to 2024 organic growth rates adjusted for $10 million marketing fund contribution in 2023.

Page 16
(a) Represents an assumed 2024 year-end excess cash available for capital allocation.
(b) Free cash flow excludes development advance notes.
(c) Assumes the midpoint of Wyndham's target net leverage of 3-4x based on midpoint of 2024E EBITDA guidance.
(d) Assumes the midpoint of $700 - $750 million and fully diluted share count as 06/30/2023.

Page 18
Note: Financial data as of 06/30/2023. Wyndham outlook as of 10/25/2023.
Source: Company Filings.
(a) Represents domestic segment only.
(b) Choice Q2 2023 global room count adjusted to exclude the ~67k rooms acquired from Radisson.
(c) Wyndham room count is adjusted to exclude the ~6.4k rooms acquired from Vienna House and Choice room count adjusted to exclude the ~67k rooms acquired from Radisson.
(d) Represents domestic upscale, extended-stay and midscale segments.
(e) Normalizes results for both companies so that the impacts from marketing, reservation and loyalty funds and owned hotels are on a comparable basis.
(f) Calculated as net cash from operating activities less capital expenditures as a percentage of Adjusted Net Income.
(g) Reflects data as of 06/30/2023.

Page 19
Source: Company Filings.
(a) Defined as brands having RevPAR higher than the system-wide RevPAR as of 2022. Includes Comfort, Ascend Hotel Collection, Sleep Inn, MainStay Suites and Cambria Hotel.

Page 20
Source: Capital IQ, Company Filings.
(a) Calculated by removing Radisson's pro rata share of EBITDA per management guidance for FY 2023 EBITDA from 1H 2023 EBITDA.
(b) Reflects year-on-year growth from 06/30/2022 to 06/30/2023.
(c) Reflects Yyear-to-date growth from 12/31/22 to 06/30/2023.
(d) Represents 2024E Adj. EBITDA multiple for October 16, 2023 and 2022E Adj. EBITDA multiple for October 16, 2021 using most recently disclosed balance sheet data. Time period selected represents last quarter Choice had positive NRG.

Page 21
Note: Financial and balance sheet data as of 06/30/2023.
Source: Company Filings, Capital IQ.
(a) Reflects LTM net leverage as of 06/30/2023.
(b) 2023E net leverage based on Q2 2023 balance sheet data for WH and CHH with adjusted EBITDA based on 2023 consensus and assumes no synergies.

Page 22
Note: Financial data as of 06/30/2023.
Source: Company Filings.
(a) Includes franchise agreement acquisition cost, development advance notes, issuance and collections of notes receivable, and M&A.

Page 28
Note: Does not include potential bad debt impacts from uncollectible accounts, if any, in the event of a distressed environment, which cannot be predicted.

Page 32
Note: Operating income margin excludes cost reimbursement revenues from calculation; FY 2022 calculation also excludes stub-period impact from the select-service management business and owned hotels.

Non-GAAP Reconciliations

The following tables 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 provides useful information to investors about us and our financial condition and results of operations because adjusted EBITDA is among the measures used by our management team to evaluate our operating performance and make day-to-day operating decisions and because 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. Explanations for adjustments within the reconciliations can be found in our third quarter 2023 Earnings Release at investor.wyndhamhotels.com.

	Nine Months Ended September 30, 2023	Year Ended December 31, 2022	Nine Months Ended September 30, 2022	Year Ended December 31, 2021	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Net income	$ 240	$ 355	$ 299	$ 244	$ 157	$ 162	$ 230
Provision for income taxes	83	121	104	91	50	61	13
Depreciation and amortization	56	77	58	95	109	99	75
Interest expense, net	73	80	60	93	100	60	6
Early extinguishment of debt	3	2	2	18	-	-	-
Stock-based compensation	28	33	25	28	15	9	11
Development advance notes amortization	11	12	9	11	8	7	6
Transaction-related	5	-	-	-	40	36	3
Separation-related	-	1	-	3	22	77	3
Gain on asset sales	-	(35)	(35)		-	-	-
Impairment, net	-	-	-	6	45	-	41
Restructuring	-	-	-	-	8	-	1
Contract termination	-	-	-	-	42	-	-
Transaction-related item	-	-	-	-	20	-	-
Loss on asset sales	-	-	-	-	-	-	-
Foreign currency impact of highly inflationary countries	6	4	2	1	5	3	-
Adjusted EBITDA	$ 505	$ 650	$ 524	$ 590	$ 621	$ 513	$ 390

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Non-GAAP Reconciliations (continued)

	Nine Months Ended September 30, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
Net income	$ 240	$ 355	$ 244
Adjustments:			
Gain on asset sale	-	(35)	-
Acquisition-related amortization expense	20	31	38
Transaction-related	5	-	-
Early extinguishment of debt	3	2	18
Impairments, net	-	-	6
Separation-related expenses	-	1	3
Foreign currency impact of highly inflationary countries	6	4	1
Total adjustments before tax	34	3	66
Income tax provision	8	(2)	13
Total adjustments after tax	26	5	53
Adjusted net income	$ 266	$ 360	$ 297

	Year Ended December 31, 2022	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Operating income margin	41%	21%	22%	25%
Depreciation and amortization	6%	8%	8%	7%
Adjusted EBITDA adjustments per p. 31	1%	14%	10%	6%
Marketing fund impact	33%	29%	25%	22%
Adjusted EBITDA margin	81%	72%	65%	60%

Definitions & Disclaimer

Definitions:

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), foreign currency impacts of highly inflationary countries, gain/(loss) on asset sales, 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, our definition of Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Adjusted EBITDA also assists our investors in evaluating our ongoing operating performance 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. The supplemental disclosures included in this presentation are in addition to GAAP reported measures. The non-GAAP reconciliation tables included in this presentation should not be considered a substitute for, nor superior to, financial results and measures determined or calculated in accordance with GAAP.

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.

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