Second-Quarter 2024 Earnings Webcast

August 1, 2024

Today's Speakers

Bill Cobb

**Chairman &
Chief Executive Officer**

Jessica Ross

**Senior Vice President &
Chief Financial Officer**

Matt Davis

**Vice President
Investor Relations & Treasurer**

Forward Looking Statements

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, in particular, projected future performance and any statements about Frontdoor's plans, strategies and prospects as well as statements with respect to the proposed acquisition of 2-10 Home Buyers Warranty (the "Acquisition"), the Acquisition's effect on our business and timing of such effects, and the expected timing of closing. Forward-looking statements can be identified by the use of forward-looking terms such as "believe," "expect," "estimate," "could," "should," "intend," "may," "plan," "seek," "anticipate," "project," "will," "shall," "would," "aim," or other comparable terms. These forward-looking statements are subject to known and unknown risks and uncertainties, many of which may be beyond our control. Such risks and uncertainties include, but are not limited to: risks related to the proposed Acquisition, including risks that we may not complete the Acquisition or that the Acquisition may not achieve its intended results; changes in macroeconomic conditions, including inflation and global supply chain challenges, especially as they may affect existing home sales, interest rates, consumer confidence or labor availability; the success of our business strategies; the ability of our marketing efforts to be successful or cost-effective; our dependence on our real estate and direct-to-consumer customer acquisition channels and our renewal channel; changes in the source and intensity of competition in our market; our ability to attract, retain and maintain positive relations with third-party contractors and vendors; increases in parts, appliance and home system prices, and other operating costs; our ability to attract and retain qualified key employees and labor availability in our customer service operations; our dependence on third-party vendors, including business process outsourcers, and third-party component suppliers; cybersecurity breaches, disruptions or failures in our technology systems; our ability to protect the security of personal information about our customers; lawsuits, enforcement actions and other claims by third parties or governmental authorities; evolving corporate governance and disclosure regulations and expectations related to environmental, social and governance matters; physical effects of climate change, including adverse weather conditions and Acts of God, along with the increased focus on sustainability; increases in tariffs or changes to import/export regulations; our ability to protect our intellectual property and other material proprietary rights; negative reputational and financial impacts resulting from acquisitions or strategic transactions; requirement to recognize impairment charges; third-party use of our trademarks as search engine keywords to direct our potential customers to their own websites; inappropriate use of social media by us or other parties to harm our reputation; special risks applicable to operations outside the United States by us or our business process outsource providers; a return on investment in our common stock is dependent on appreciation in the price; restrictions in our certificate of incorporation related to an acquisition of us or to our lawsuits against us or our directors or officers; the effects of our significant indebtedness; increases in interest rates increasing the cost of servicing our indebtedness; increased borrowing costs due to lowering or withdrawal of the credit ratings, outlook or watch assigned to us, our debt securities or our credit facilities; and our ability to generate significant cash needed to fund our operations and service our debt. We caution you that forward-looking statements are not guarantees of future performance or outcomes and that actual performance and outcomes, including, without limitation, our actual results of operations, financial condition and liquidity, and the development of new markets or market segments in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this news release. For a discussion of other important factors that could cause Frontdoor's results to differ materially from those expressed in, or implied by, the forward-looking statements included in this document, refer to the risks and uncertainties detailed from time to time in Frontdoor's periodic reports filed with the SEC, including the disclosure contained in Item 1A. Risk Factors in our 2023 Annual Report on Form 10-K filed with the SEC, as such factors may be updated from time to time in Frontdoor's periodic filings with the SEC, including Part II, Item 1A. Risk Factors in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024. Except as required by law, Frontdoor does not undertake any obligation to update or revise the forward-looking statements to reflect new information or events or circumstances that occur after the date of this news release or to reflect the occurrence of unanticipated events or otherwise. Readers are advised to review Frontdoor's filings with the SEC, which are available from the SEC's EDGAR database at sec.gov, and via Frontdoor's website at frontdoorhome.com.

Non-GAAP Financial Measures

To supplement Frontdoor's results presented in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), Frontdoor has disclosed the non-GAAP financial measures of Adjusted EBITDA, Free Cash Flow, and Unrestricted Cash.

We define "Adjusted EBITDA" as net income before: depreciation and amortization expense; goodwill and intangibles impairment; restructuring charges; transaction costs; provision for income taxes; non-cash stock-based compensation expense; interest expense; loss on extinguishment of debt; and other non-operating expenses.

We define "Free Cash Flow" as net cash provided from operating activities less property additions. Free Cash Flow is not a measurement of our financial performance or liquidity under U.S. GAAP and does not purport to be an alternative to net cash provided from operating activities or any other performance or liquidity measures derived in accordance with U.S. GAAP.

We define "Unrestricted Cash" as cash not subject to third-party restrictions. For additional information related to our third-party restrictions, see "Liquidity and Capital Resources — Liquidity" under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2023 Annual Report on Form 10-K filed with the SEC.

See the Appendix attached hereto for additional information and reconciliations of such non-GAAP financial measures. Management believes these non-GAAP financial measures provide useful supplemental information for its and investors' evaluation of Frontdoor's business performance and are useful for period-over-period comparisons of the performance of Frontdoor's business. While we believe that these non-GAAP financial measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant to be considered in isolation or as a substitute for the related financial information prepared in accordance with U.S. GAAP. In addition, these non-GAAP financial measures may not be the same as similarly entitled measures reported by other companies.

Strong Q2 2024 Financial Performance

- Revenue increased 4% to $542M
- Gross Profit Margin expanded 470 bps to a record 56%
- Adjusted EBITDA[(1)] grew 31% to $158M
- Free Cash Flow more than doubled to $91M
- Used $83M to repurchase 2.5M shares YTD through July

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[(1)] See the Appendix accompanying this presentation for a reconciliation of Adjusted EBITDA, a non-GAAP measure, to the nearest GAAP measure. See “Reconciliations of Non-GAAP Financial Measures” included in this presentation for descriptions of calculations of these measures.
Note: All comparisons versus the prior year period (Q2 2023)

Advancing Our Strategic Objectives

Our top priority: Grow our customer base

1. Increase home warranty sales

2. Continue to expand our on-demand business

3. Close the acquisition of 2-10 Home Buyers Warranty

[1] See the Appendix accompanying this presentation for a reconciliation of Adjusted EBITDA, a non-GAAP measure, to the nearest GAAP measure. See “Reconciliations of Non-GAAP Financial Measures” included in this presentation for descriptions of calculations of these measures.
Note: All comparisons versus the prior year period (Q2 2023)

2-10 Acquisition Accelerates Growth

Acquisition

2-10 is a Leading Provider of New Home Structural Warranties (NHSW)

Near-Term Benefits

- More Customers
- Diversification
- Synergies

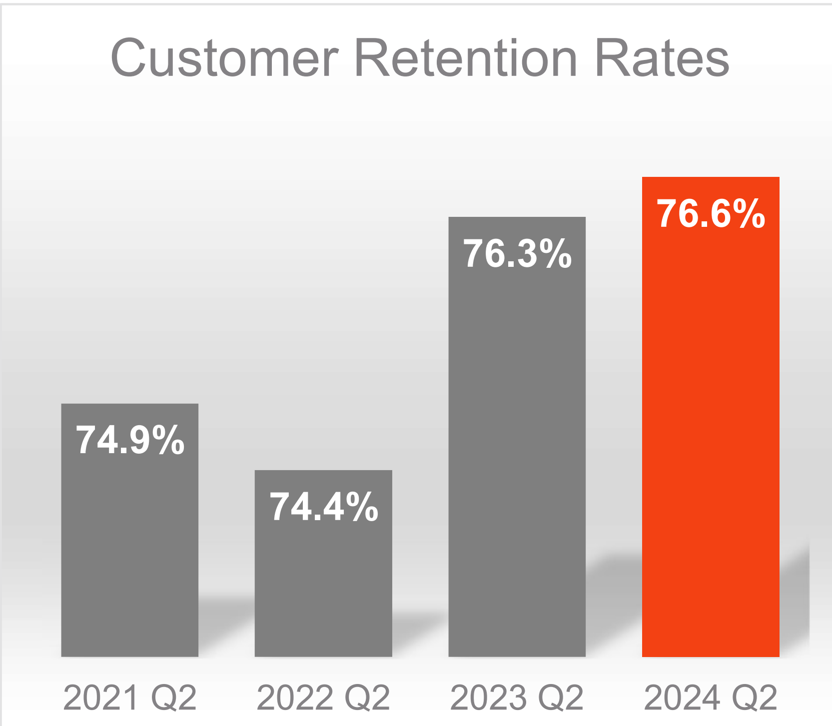
Long-Term Impact

Improves Long-Term Growth in Customer Base, Revenue and Earnings

On-Demand Business Exceeding Expectations

- **<u>Vision</u>**: A consolidated ecosystem for all things home – repair, replace, maintenance – thru access to our contractor network and virtual experts
- New HVAC sales outperforming
- Growing alternative revenue streams
- New Moen partnership a great example of on-demand opportunity

Retention Rates Continue to Perform Well



Retention Highlights:

- Mix shift benefit
- Improving customer engagement
- Improving customer service
- Expanding use of Preferred Contractors
- Increased customers on autopay

Cyclical Issues Impacting Home Warranty Sales

"Consumer confidence in U.S. falls in June as Americans fret about near term prospects"
- Associated Press, 6-25-24

"McDonald's global same-stores fell for the first time in nearly four years as inflation-weary consumers skipped eating out"
- ABC News: 7-29-24

"Housing market predictions for 2024: When Will Home Prices Be Affordable Again?"
- Forbes, 7-25-24

Macroeconomic challenges:

- Consumer sentiment impacted by higher cost of living
- Real estate market dynamics

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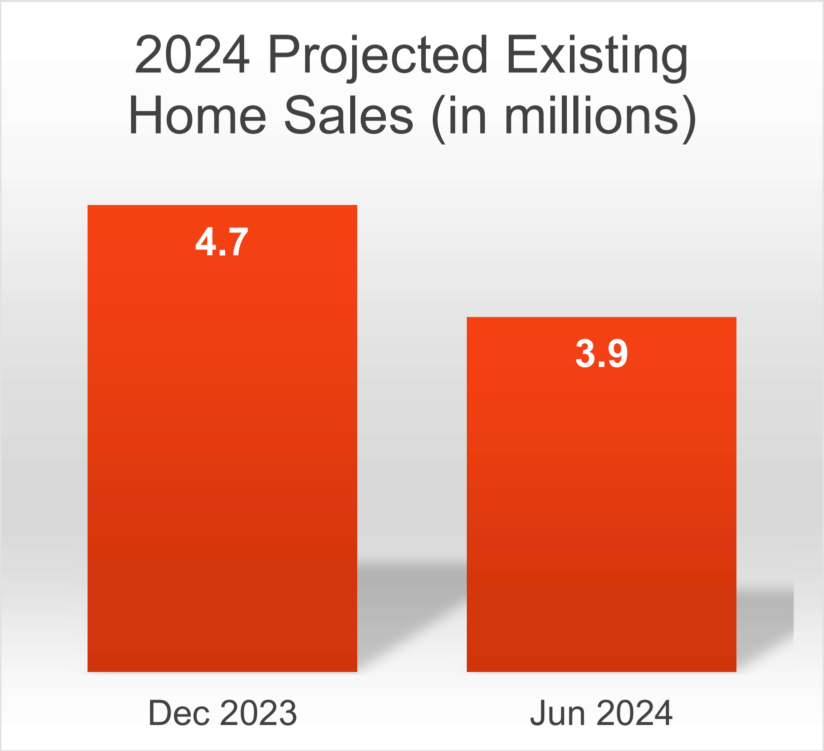
Real Estate Channel Remains Challenged



- Real estate market not improving
- Expectations for 2024 existing home sales have declined from 4.7M to 3.9M
- Home prices continue to rise, mortgage rates remain elevated, and inventory is below average
- Continuing to optimize our sales processes and expect to be well positioned when market conditions improve

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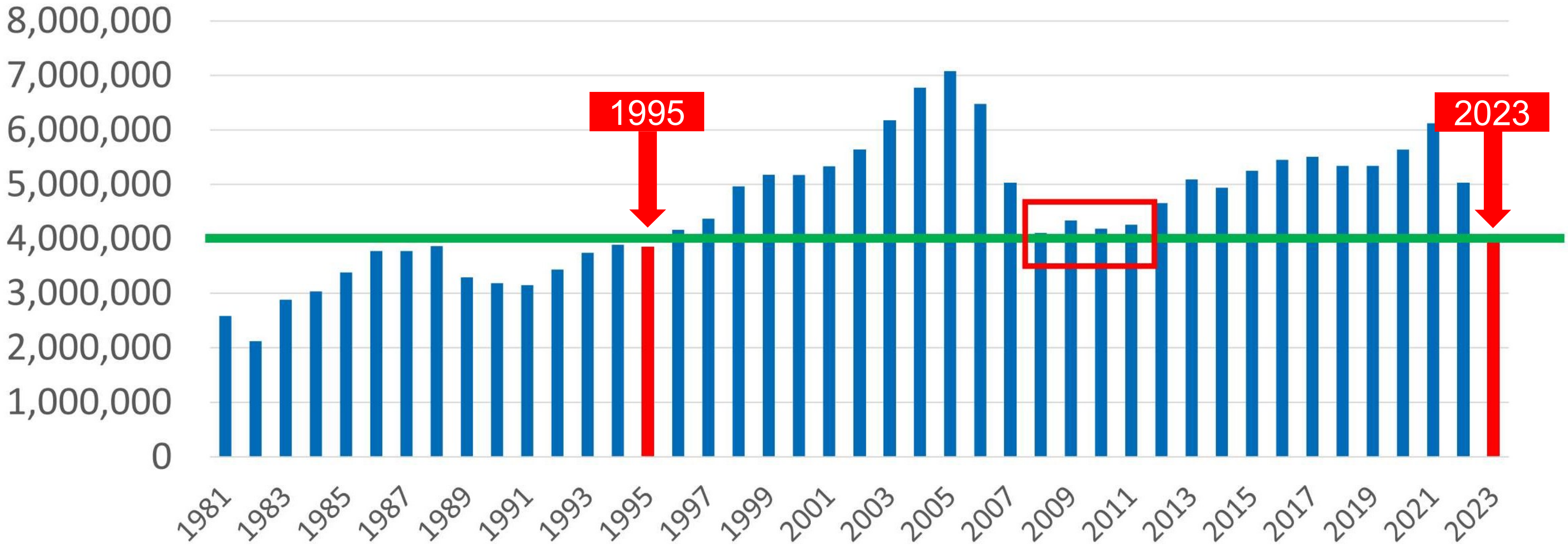
Source: Monthly National Association of Realtors (NAR) Existing Home Sales 2024 Projection as of December 2023 and June 2024

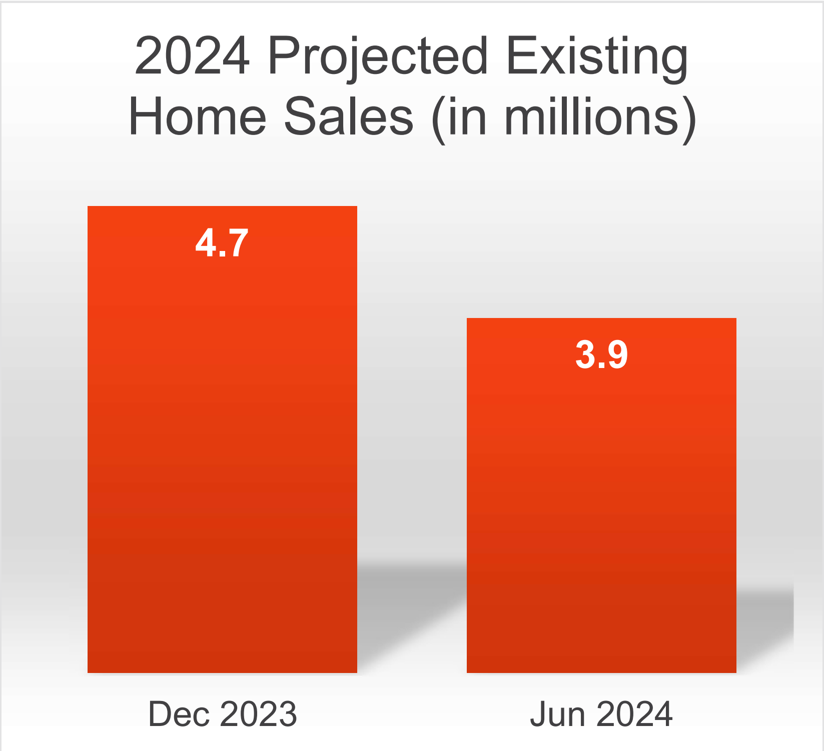
Existing Home Sales: Worst Year since 1995



National Association of Realtors

Source: NAR

Real Estate Channel Remains Challenged



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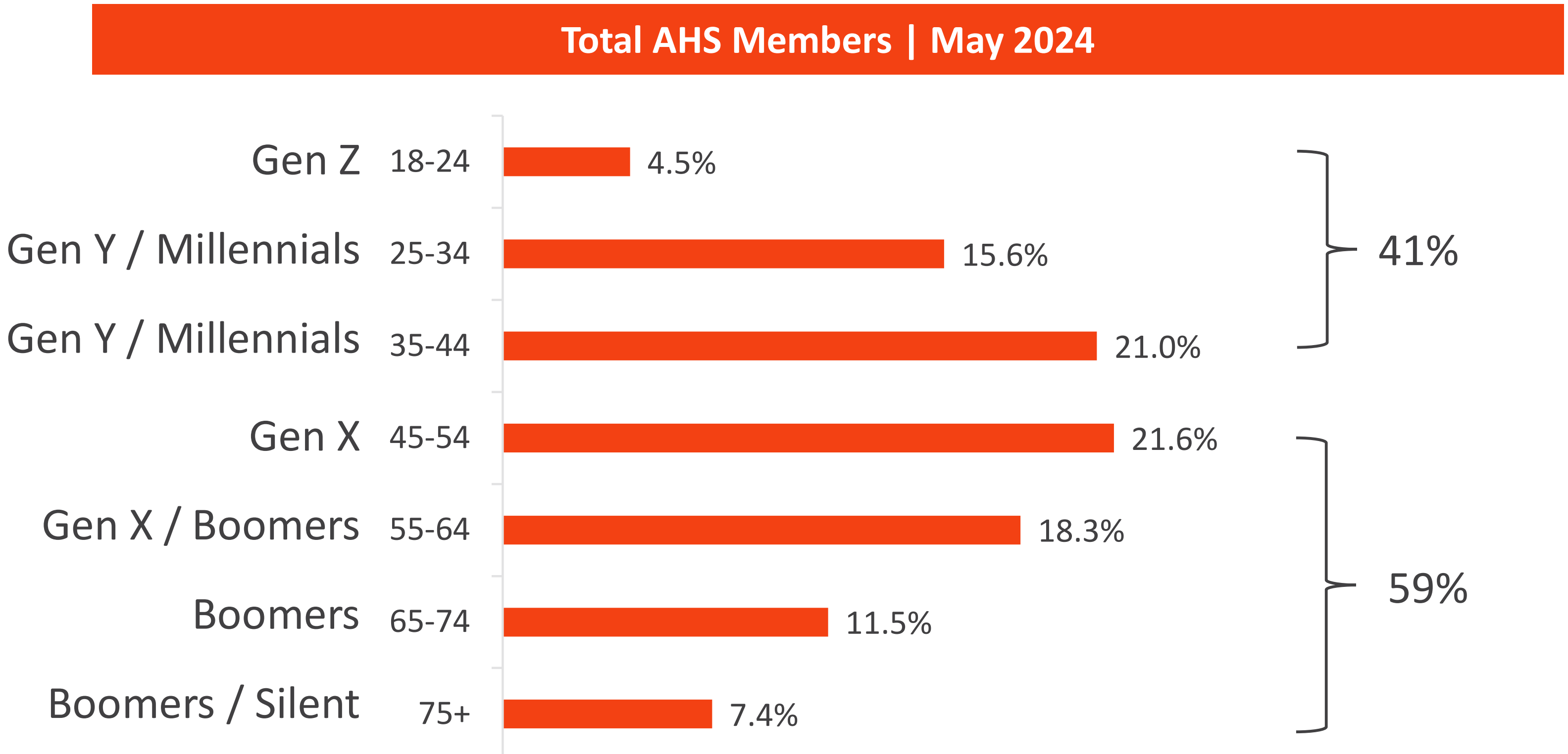
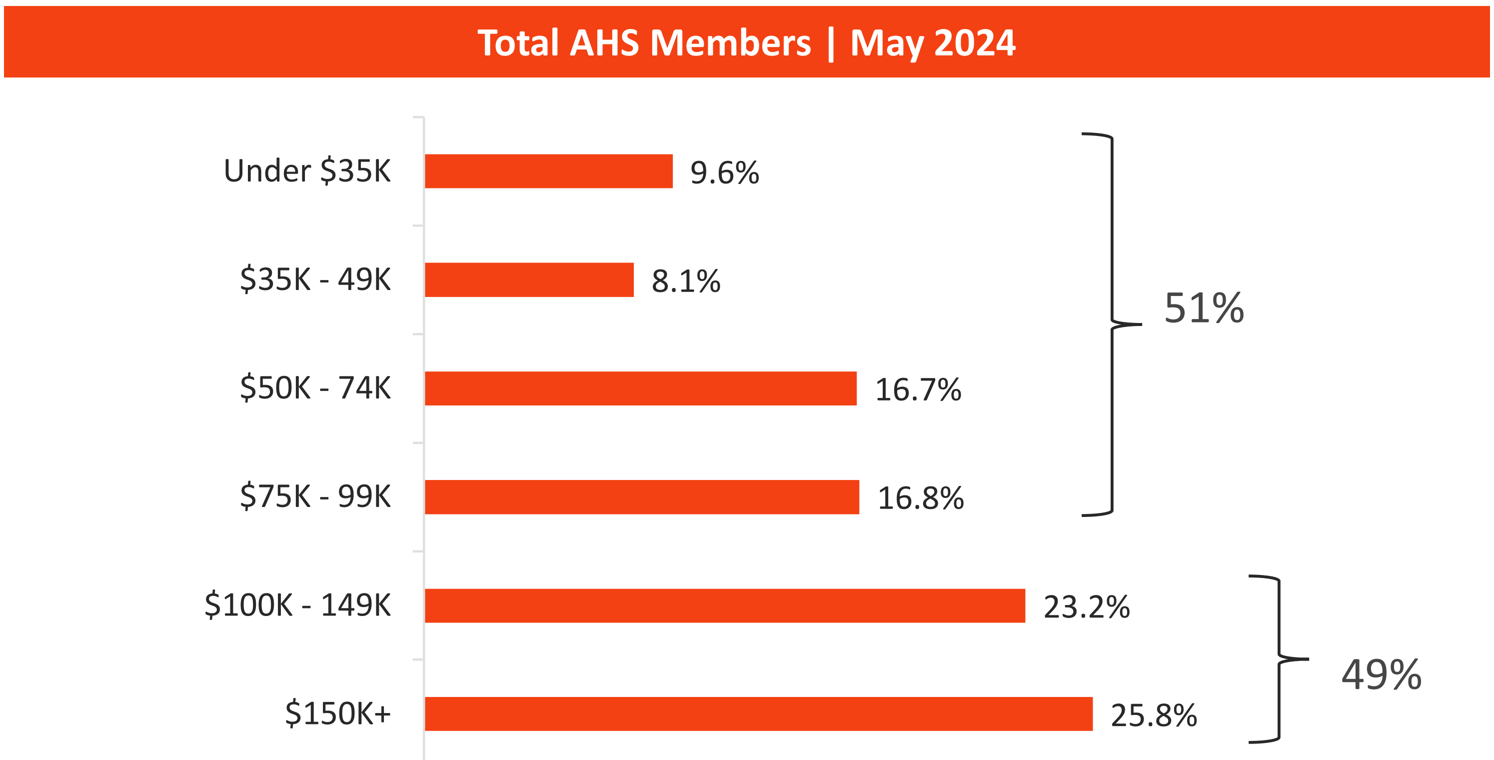
Source: Monthly National Association of Realtors (NAR) Existing Home Sales 2024 Projection as of December 2023 and June 2024

AHS Appeals to Multiple Age Groups



Source: AHS Q1 Brand & Category Study, Clear Vantage May 2024

AHS Appeals to Diverse Range of Incomes



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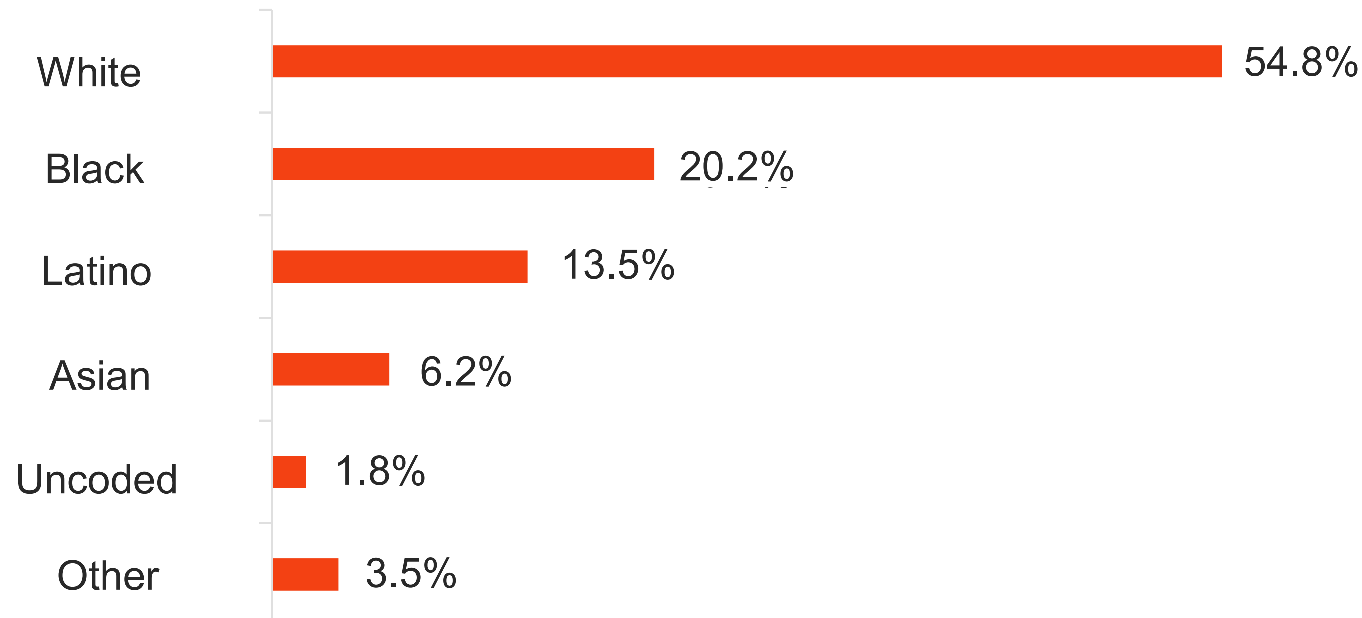
Source: AHS Q1 Brand & Category Study, Clear Vantage May 2024

AHS Appeals to Various Races & Ethnicities

Total AHS Members | May 2024



Source: AHS Q1 Brand & Category Study, Clear Vantage May 2024

Actions to Improve Home Warranty Sales

What have we done so far:

- Relaunched Brand: Brand relaunch is increasing consumer awareness and driving website traffic
- Discounting Strategy: Working to drive near-term demand

What we are working on now:

- Moving to next phase of brand relaunch
- Improving consumer targeting
- Improving conversion

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Sizable Growth Opportunities in Home Warranties

- Large TAM for home warranties
- Massive opportunity to educate homeowners
- Favorable U.S. demographic trends
- Drive demand through new services and technology

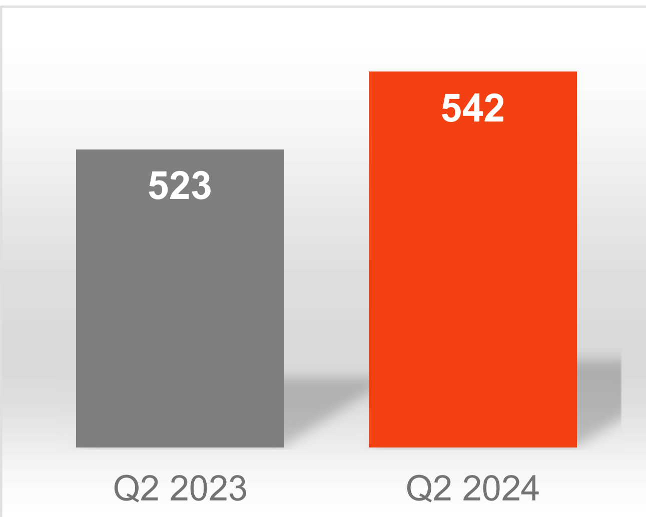
We remain extremely positive on the long-term demand for home warranties

Source: AHS Q1 Brand & Category Study, Clear Vantage May 2024

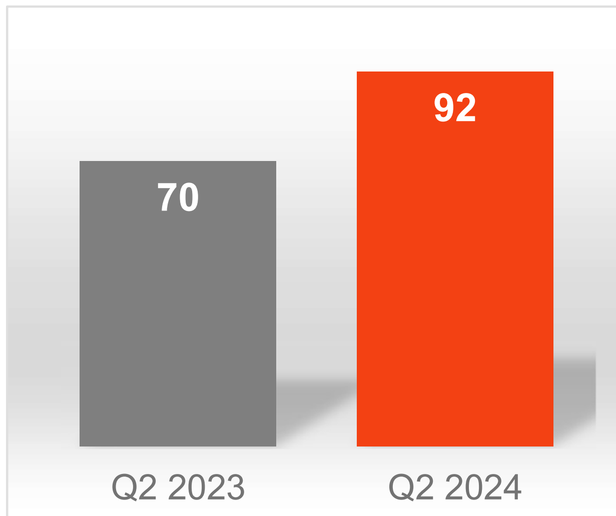
Second Quarter 2024 Financial Summary

($ millions)

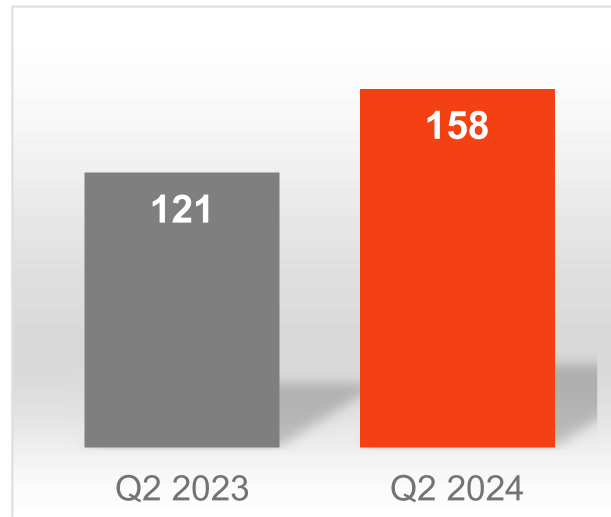
Revenue
+4%



Net Income
+32%



Adjusted EBITDA(1)
+31%



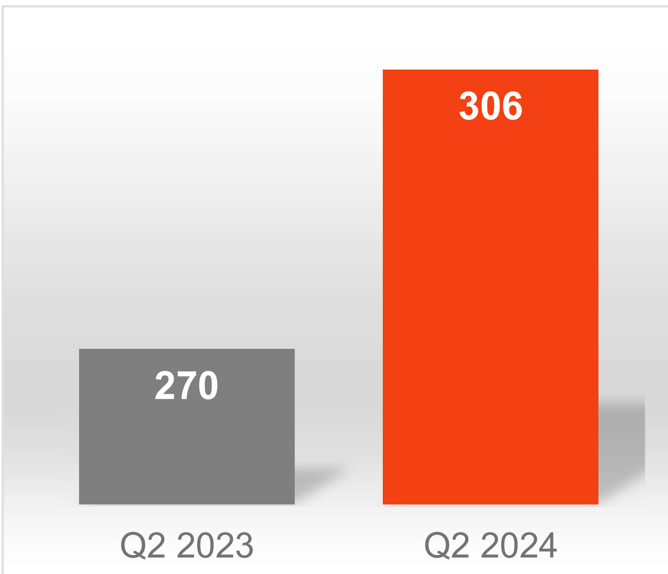
(1) See the Appendix accompanying this presentation for a reconciliation of Adjusted EBITDA, a non-GAAP measure, to the nearest U.S. GAAP measure. See “Reconciliations of Non-GAAP Financial Measures” included in this presentation for a description of the calculation for this measure.
Note: All comparisons versus the prior year period (Q2 2023)

Second Quarter 2024 Gross Profit Improved 13%

($ millions)

Gross Profit

+13%



Gross Profit Margin

+470bps

to 56%

Note: All comparisons versus the prior year period (Q2 2023)

Second Quarter 2024 Adjusted EBITDA

($ millions)

Three Months Ended June 30, 2023	**$121**
Impact of change in revenue[(2)]	17
Contract claims costs[(3)]	17
Sales and marketing costs	3
Customer service costs	-
General and administrative costs	(2)
Interest and net investment income	1
Other	1
Three Months Ended June 30, 2024	**$158**

Q2 Adjusted EBITDA[(1)]
+31%

Note: Revenue and expense items are year-over-year increases/(decreases); amounts presented in table may not sum due to rounding; all comparisons versus prior year period (Q2 2023)

[(1)] See the Appendix accompanying this presentation for a reconciliation of Adjusted EBITDA, a non-GAAP measure, to the nearest GAAP measure. See "Reconciliations of Non-GAAP Financial Measures" included in this presentation for descriptions of calculations of these measures.

[(2)] Revenue conversion includes the impact of the change in the number of home warranties as well as the impact of year-over-year price changes. The impact of the change in the number of home warranties considers the associated revenue on those plans less an estimate of contract claims costs based on margin experience in the prior year period.

[(3)] Contracts claims costs includes the impact of changes in service request incidence, inflation and other drivers associated with the number of home warranties in the prior year period. The impact on contract claims costs resulting from year-over-year changes in the number of home warranties is included in revenue conversion above.

Second Quarter 2024 Cash Flow

($ millions)

Net cash provided from (used for):	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Operating Activities	187	112
Investing Activities	(22)	(15)
Financing Activities	(71)	(44)
Cash increase/(decrease) during the period	**93**	**52**

Restricted Cash

$167M

Unrestricted Cash

$252M

Free Cash Flow[1]

$164M

July YTD Share Repurchases

$83M

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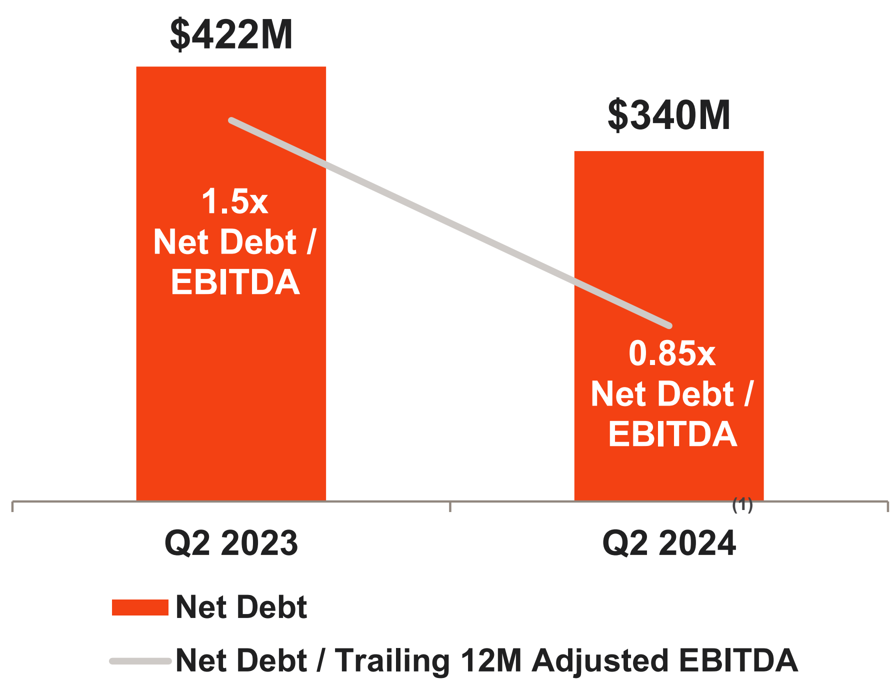
[1] See the Appendix accompanying this presentation for a reconciliation of Free Cash Flow, a non-GAAP measure, to the nearest GAAP measure. See "Reconciliations of Non-GAAP Financial Measures" included in this presentation for a description of calculations of these measures.

Frontdoor has Strong Financial Position

- **#1: Grow**: Target completing 2-10 acquisition in Q4 2024
- **#2: Maintain strong financial profile**: Pro forma net leverage ratio targeted to be in the mid 2x range after the 2-10 acquisition
- **#3: Return cash to shareholders**: New 3-year, $650M share repurchase authorization



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(1) See the Appendix accompanying this presentation for a reconciliation of net debt and trailing 12-month Adjusted EBITDA, non-GAAP measures, to the nearest GAAP measure. See "Reconciliations of Non-GAAP Financial Measures" included in this presentation for descriptions of calculations of these measures.

Q3 2024 and FY 2024 Outlook

	Q3 2023 Results	Q3 2024 Outlook Low	Q3 2024 Outlook High
Revenue ($ millions)	524	530	545
Adjusted EBITDA ($ millions) [1][2]	128	130	140

	FY 2023 Results	FY 2024 Outlook	
Revenue ($ billions)	1.78	1.81	1.84
Gross Profit Margin (%)	50	51	
SG&A ($ millions)	581	605	615
Adjusted EBITDA ($ millions) [1][2]	346	385	395
Capital Expenditures ($ millions)	32	35 – 45	
Annual Effective Tax Rate (%)	25	25	

[1] See the Appendix accompanying this presentation for a reconciliation of Adjusted EBITDA, a non-GAAP measure, to the nearest GAAP measure. See "Reconciliations of Non-GAAP Financial Measures" included in this presentation for descriptions of calculations of these measures.
[2] A reconciliation of the forward-looking second-quarter and full-year 2024 Adjusted EBITDA outlook to net income cannot be provided without unreasonable effort because of the inherent difficulty of accurately forecasting the occurrence and financial impact of the various adjusting items necessary for such reconciliation that have not yet occurred, are out of our control, or cannot be reasonably predicted. For the same reasons, the company is unable to assess the probable significance of the unavailable information, which could have a material impact on its future GAAP financial results

Investor Day Changing to February 27, 2025

Executing On What We Said We Would Do

- **Explore Acquisitions:** Acquiring 2-10 to accelerate growth
- **Drive Customer Growth:** Relaunched AHS brand to gain more customers
- **Position Real Estate Channel:** Preparing for expected turnaround
- **Improve Retention Rates:** Continuing to improve processes
- **Expand On-Demand:** Growing new HVAC program & partnerships
- **Stabilize Margins:** Confident in our long-term margin profile
- **Share Repurchases:** New 3-year, $650M authorization: 63% increase

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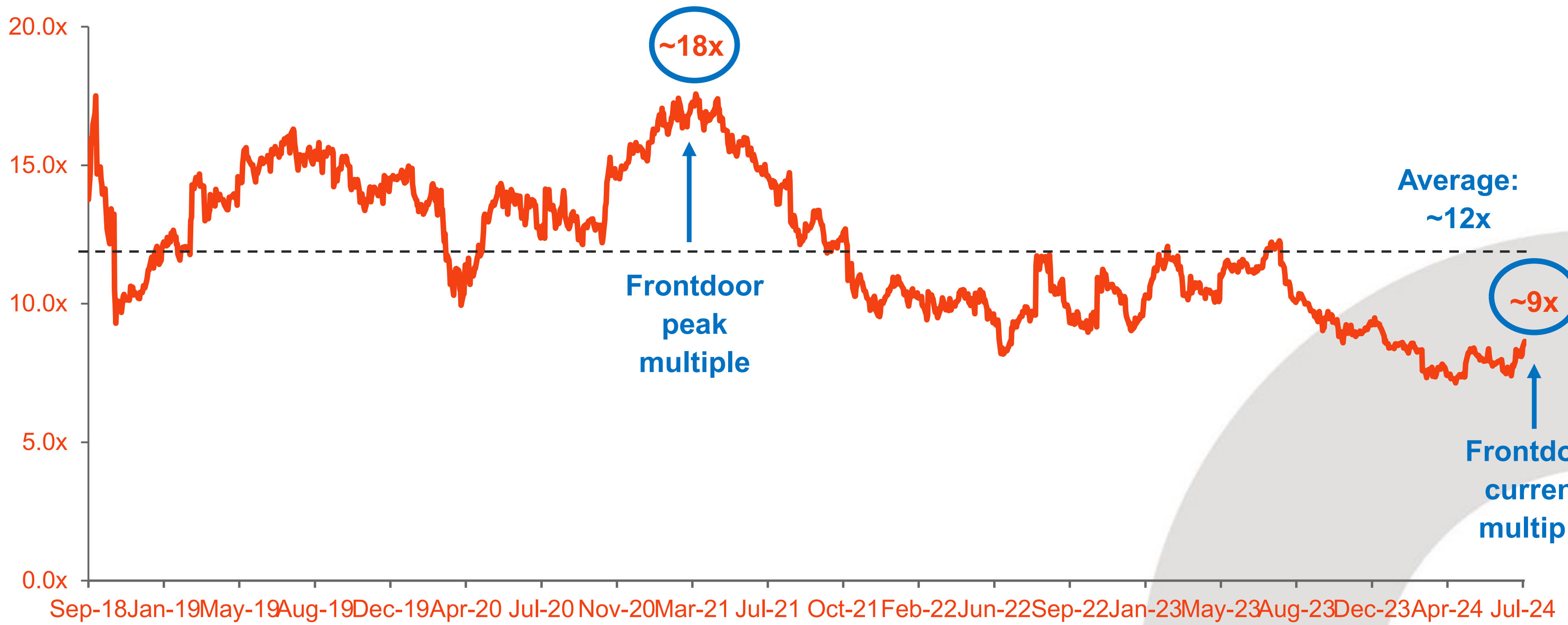
FTDR is Significantly Under-Valued



Source: FactSet as of 7/29/2024; analysis based on enterprise value compared to next twelve month Adjusted EBITDA estimates frontdoor®

Q & A

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Appendix

Q2 2024 Consolidated Results

Note: See elsewhere in this Appendix for a reconciliation of Adjusted EBITDA, a non-GAAP measure, to the nearest U.S. GAAP measure; amounts presented in table may not sum due to rounding.

$ millions, except per share amounts	Three Months Ended June 30, 2024	2023	Better /(Worse)
Revenue	$ 542	$ 523	$ 19
YOY Growth			*4%*
Gross Profit	306	270	35
% of revenue	*56.4%*	*51.7%*	*470 pts*
Selling and administrative expenses	167	162	(5)
% of revenue	*30.8%*	*31.0%*	*20 pts*
Depreciation and amortization expense	9	9	-
Restructuring charges	1	0	-
Interest expense	10	10	-
Interest and net investment income	(5)	(4)	1
Income before Income Taxes	124	93	31
Provision for income taxes	32	23	(9)
Net Income	$ 92	$ 70	$ 22
Other comprehensive income, net of tax	(1)	3	(5)
Total Comprehensive Income	$ 91	$ 73	$ 18
Earnings Per Share:			
Basic	$ 1.18	$ 0.86	$ 0.33
Diluted	$ 1.18	$ 0.85	$ 0.32
Weighted average common shares outstanding:			
Basic	77.7	81.4	(3.8)
Diluted	78.1	81.8	(3.6)
Adjusted EBITDA	**$ 158**	**$ 121**	**$ 37**

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YTD 2024 Consolidated Results

Note: See elsewhere in this Appendix for a reconciliation of Adjusted EBITDA, a non-GAAP measure, to the nearest U.S. GAAP measure; amounts presented in table may not sum due to rounding.

$ millions, except per share amounts	**Six Months Ended June 30,**		
	2024	**2023**	**Better /(Worse)**
Revenue	$ 920	$ 890	$ 31
YOY Growth			*3%*
Gross Profit	500	440	60
% of revenue	*54.3%*	*49.5%*	*480 pts*
Selling and administrative expenses	302	287	(15)
% of revenue	*32.8%*	*32.2%*	*(60) pts*
Depreciation and amortization expense	18	18	-
Restructuring charges	1	1	0
Interest expense	20	20	-
Interest and net investment income	(10)	(8)	2
Income before Income Taxes	169	122	47
Provision for income taxes	43	30	(13)
Net Income	$ 126	$ 91	$ 34
Other comprehensive income, net of tax	0	1	(1)
Total Comprehensive Income	$ 126	$ 93	$ 34
Earnings Per Share:			
Basic	$ 1.61	$ 1.12	$ 0.49
Diluted	$ 1.60	$ 1.12	$ 0.49
Weighted average common shares outstanding:			
Basic	78.0	81.5	(3.5)
Diluted	78.5	81.8	(3.2)
Adjusted EBITDA	**$ 229**	**$ 174**	**$ 55**

Net Income to Adjusted EBITDA Reconciliations

($ millions)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net Income	$ 92	$ 70	$ 126	$ 91
Depreciation and amortization expense	9	$ 9	$ 18	$ 18
Restructuring charges	1	$ —	$ 1	$ 1
Acquisition-related costs	6	$ —	$ 6	$ —
Provision for income taxes	32	$ 23	$ 43	$ 30
Non-cash stock-based compensation	8	$ 8	$ 15	$ 13
Interest expense	10	$ 10	$ 20	$ 20
Adjusted EBITDA	**$ 158**	**$ 121**	**$ 229**	**$ 174**

Note: Amounts presented in the above tables may not sum due to rounding.

Net Income to Adjusted EBITDA Reconciliations (Cont.)

($ millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Twelve Months Ended December 31, 2023	Twelve Months Ended December 31, 2022
Net Income	$ 71	$ 28	$ 171	$ 71
Depreciation and amortization expense	9	8	37	34
Goodwill and intangibles impairment	—	14	—	14
Restructuring charges	5	5	16	20
Provision for income taxes	24	11	57	22
Non-cash stock-based compensation	8	5	26	22
Interest expense	10	8	40	31
Adjusted EBITDA	**$ 128**	**$ 79**	**$ 346**	**$ 214**

Note: Amounts presented in the above tables may not sum due to rounding.

Net Cash Provided from Operating Activities to Free Cash Flow Reconciliations

($ millions)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net Cash Provided from Operating Activities	$ 103	$ 52	$ 187	$ 112
Property additions	(12)	(8)	(22)	(15)
Free Cash Flow	**$ 91**	**$ 44**	**$ 164**	**$ 96**

Amounts presented in the above tables may not sum due to rounding.

Net Debt and TTM Adjusted EBITDA Reconciliation

(in millions)		Three Months Ended June 30, 2024	Three Months Ended June 30, 2023
Term Loan A		$ 221	$ 234
Term Loan B		369	372
Total Debt - Face Value	(A)	590	606
Discounts and issuance costs		(4)	(5)
Total Debt - Book Value		586	601
LCs Outstanding	(B)	2	2
Available cash	(C)	252	186
Restricted net assets		167	158
Total cash		419	344
Net Debt	**(A+B-C)**	**$ 340**	**$ 422**
Leverage Ratio:			
Net Debt		$ 340	$ 422
TTM Adjusted EBITDA		401	286
Net Debt/Adjusted EBITDA		**0.85**	**1.48**

Note: Amounts presented in the above tables may not sum due to rounding.