


frontdoor®

# Third-Quarter 2026 Earnings Webcast

November 5th, 2026

# Today's Presenters



**Bill Cobb**

Chairman &
Chief Executive Officer



**Jason Bailey**

Senior Vice President &
Chief Financial Officer



**Matt Davis**

Vice President,
Investor Relations and Treasurer

# Forward Looking Statements

This presentation 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. 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: changes in macroeconomic conditions, including inflation, tariffs and global supply chain challenges and changing interest rates, especially as they may affect existing or new home sales, consumer confidence, demand for our services, labor availability or our costs; our ability to successfully implement our business strategies; the ability of our marketing efforts to be successful and cost-effective; our dependence on our first-year direct-to-consumer and real estate acquisition channels and our renewal channel for home warranty sales; our dependence on our existing warranty customer base and strategic partners for non-warranty sales; 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; changes in U.S. tariffs or import/export regulations; 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; weather, including adverse conditions, seasonality, along with related environmental regulations; compliance with, or violation of, laws and regulations, including consumer protection laws, or lawsuits or other claims by third parties, increasing our legal and regulatory expenses; cybersecurity breaches, disruptions or failures in our technology systems; our ability to protect the security of personal information about our customers; technological developments in artificial intelligence; negative reputational and financial impacts resulting from acquisitions or strategic transactions; a requirement to recognize impairment charges on goodwill and intangible assets; our ability to underwrite risks accurately and to charge adequate prices to builder members, as well as our ability to effectively re-insure a large portion of those risks; the availability of reinsurance to manage a substantial portion of our potential loss exposure for our new home builder warranty business; evolving corporate governance and disclosure regulations and expectations; inappropriate use of social media by us or other parties to harm our reputation; our ability to protect our intellectual property and other material proprietary rights; third-party use of our trademarks as search engine keywords to direct our potential customers to their own websites; special risks applicable to operations outside the United States by us or our business process outsource providers; the acquisition of 2-10 Home Buyers Warranty may not achieve its intended results; any liabilities, losses, or other exposures for which we do not have adequate insurance coverage, indemnification, or other protection; a return on investment in our common stock is dependent on appreciation in the price; inclusion in our certificate of incorporation of a forum selection clause that could discourage an acquisition of our company or litigation against us and our directors and officers; the effects of our significant indebtedness, our ability to incur additional debt and the limitations contained in the agreements governing such indebtedness; increases in interest rates increasing the cost of servicing our indebtedness and counterparty credit risk due to instruments designed to minimize exposure to market risks; increased borrowing costs due to lowering or withdrawal of the credit ratings, outlook or watch assigned to us or our Credit Facilities; our ability to generate the significant amount of cash needed to fund our operations and service our debt obligations. 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 presentation. 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 2025 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. 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 presentation 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, Adjusted EBITDA margin, Adjusted Net Income, Adjusted Diluted Earnings per Share, Free Cash Flow, and Unrestricted Cash.

We define "Adjusted EBITDA" as net income before depreciation and amortization expense; goodwill and intangibles impairment; restructuring charges; acquisition and integration related 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 "Adjusted EBITDA margin" as Adjusted EBITDA divided by revenue. We believe Adjusted EBITDA and Adjusted EBITDA margin are useful for investors, analysts and other interested parties as they facilitate company-to-company operating performance comparisons by excluding potential differences caused by variations in capital structures, taxation, the age and book depreciation of facilities and equipment, restructuring and acquisition initiatives and equity-based, long-term incentive plans.

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 "Adjusted Net Income" as net income before: amortization expense; acquisition and integration related costs; restructuring charges; loss on extinguishment of debt; other non-operating expenses; and the tax impact of the aforementioned adjustments. We believe Adjusted Net Income is useful for investors, analysts and other interested parties as it facilitates company-to-company operating performance comparisons by excluding potential differences caused by items listed in this definition.

We define "Adjusted Diluted Earnings per Share" as Adjusted Net Income divided by the weighted-average diluted common shares outstanding.

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 2025 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.

Reconciliations of the forward-looking Non-GAAP Financial Measures to the most comparable GAAP financial measures 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 reconciliations 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.

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# Delivering Across Strategic Priorities

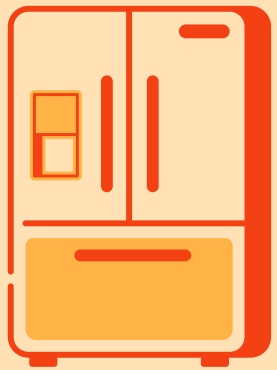
1

**Drive**
Member
Growth



2

**Scale**
Non-Warranty
Revenue



3

**Deliver**
Structurally
Higher Margins



4

**Maintain**
Capital Allocation
Discipline



# Q3 2026 Highlights

| Revenue | Adjusted EBITDA* | Net Income | Adjusted EPS* | Returns to Shareholders |
|---|---|---|---|---|
| **$655M** | **$205M** | **$116M** | **$1.81** | **$259M** |
| *+6% versus Q3 2025* | *+5% versus Q3 2025* | *+10% versus Q3 2025* | *+15% versus Q3 2025* | *year-to-date through Q3 2026* |



**Successfully managed through elevated claims** due to the hottest summer on record



Hot summer weather also supported an **increase in HVAC upgrade revenue**



Repurchased 5% of shares outstanding year-to-date, and announced **a new $1B share repurchase authorization**

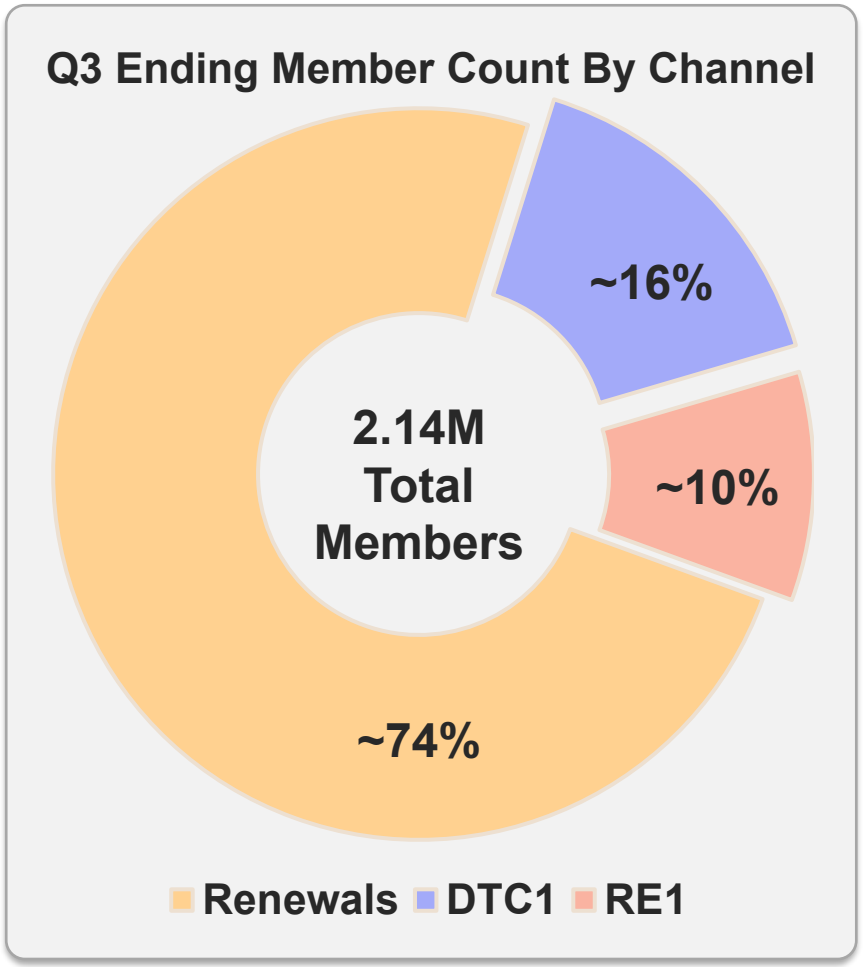


**Total member count grew 1%** with positive contributions across all channels

All EPS metrics are presented on a diluted basis

*This financial measure is a non-GAAP financial measure. Refer to “Non-GAAP Financial Measures" in this presentation for a description of this measure and the Appendix for a reconciliation to the nearest GAAP financial measure.

# All Channels Contributed to ~1% Total Member Growth




**1** **Renewals** *up slightly versus prior year period*

Improving retention rates

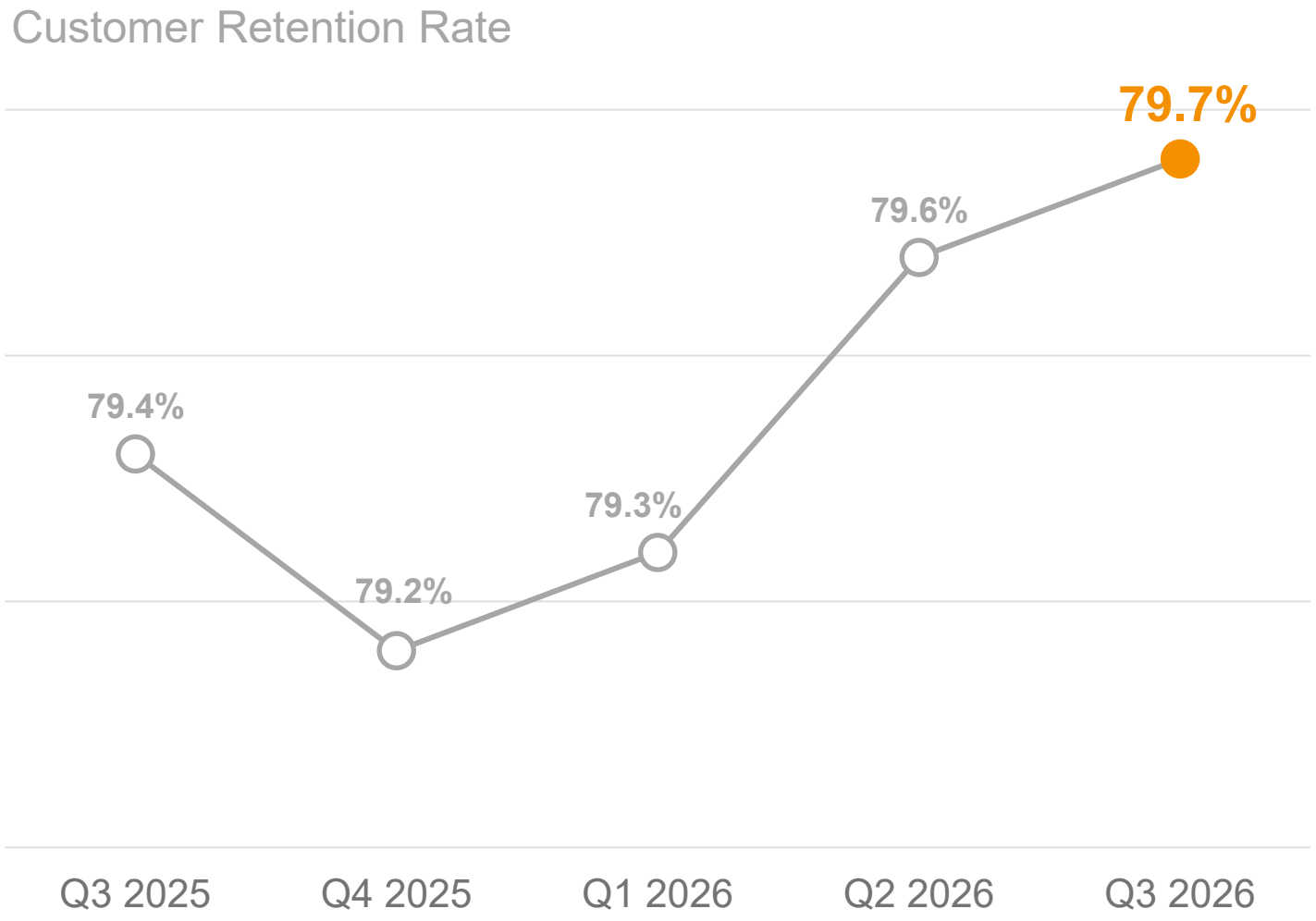
**2** **Direct-to-Consumer** *+4% versus prior year period*

Continued execution driving sustained growth

**3** **Real Estate** *+5% versus prior year period*

Improved capture rate over last 12 months offset challenging macroeconomic environment

# Renewals: Strengthening the Base




**~1.6M** Ending Members in Renewals

up slightly versus prior year

**Key Retention Initiatives**

1. Elevating the Member Experience
2. Operational Improvements

# DTC: A Consistent Growth Driver

**+4%**

Ending member growth in Q3

**~330K**

Q3 ending DTC1 members

**8**

Consecutive quarters of YoY member growth

## Demand

- Improving brand awareness
- Multi-brand strategy powering growth
- Improving marketing mix
- Optimizing LLM content strategy and search outcomes

Create demand

## Conversion

- Strategic promotional pricing supporting conversion
- Refining content and digital experience
- AI enabled sales tools supporting higher conversion

Turn interest into members

## Unit Economics

- Improving customer acquisition costs
- Attractive lifetime value
- Repeatable acquisition playbook

Grow with attractive economics

# Real Estate: Q3 Growth Reflects Higher Capture Over Trailing 12 Months

**+5%**

Ending member growth in Q3

**~220K**

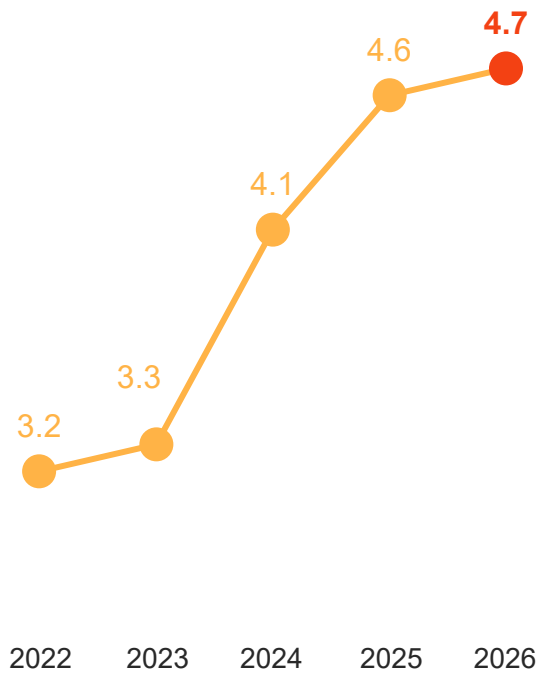
Q3 ending RE1 members

**>5%**

Capture Rate

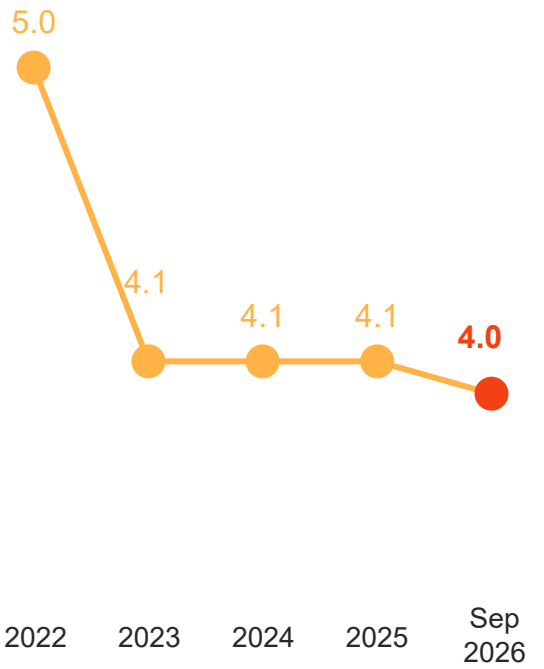
## Unsold Inventory

*average months of supply as of Q3*



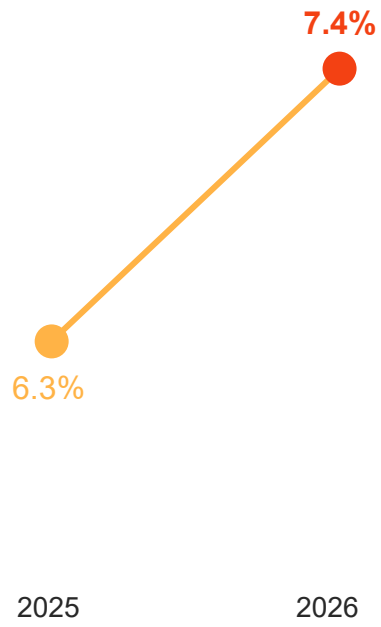

## Existing Home Sales

*in Millions*




## 30-Year Fixed Mortgage Rate

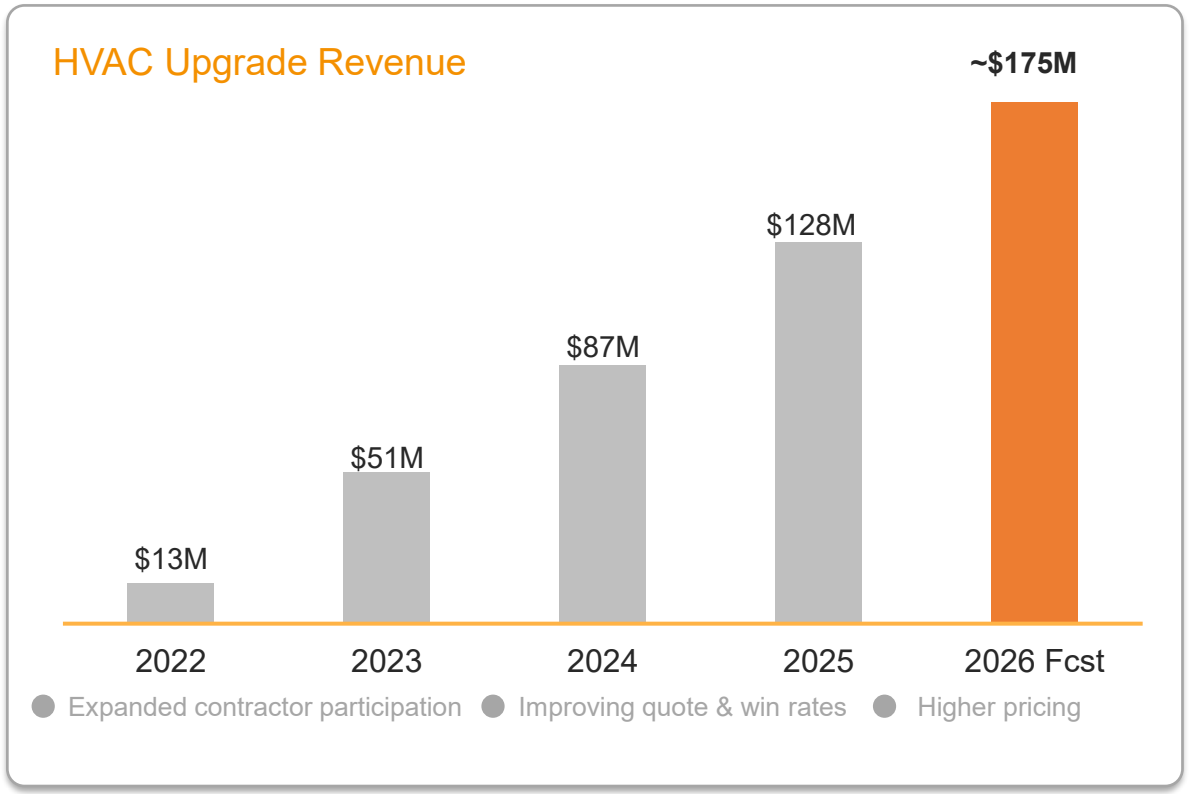
*as of October 8th*




Source: National Association of Realtors

# Cross Selling to Expand Share of Wallet

## Proven Ability to Scale




## Significant Long-Term Runway

**~3%**

**member penetration since 2022**

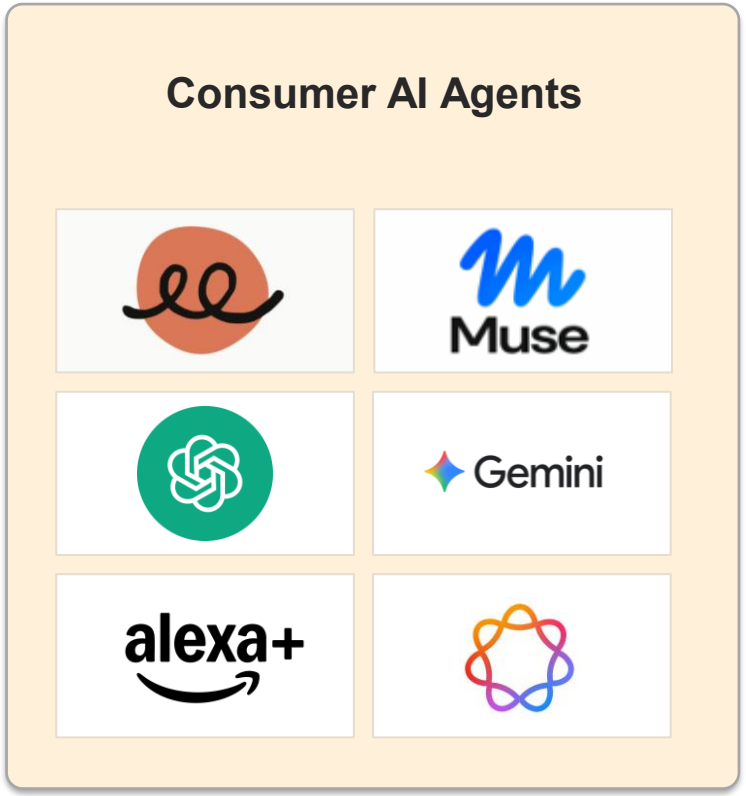
**01 +2M existing members**
Built in demand funnel

**02 Low penetration**
Significant opportunity within the base

**03 Aging systems**
Ongoing repair and replacement demand

**04 Adding Services**
Opportunities in other trades

# Agentic AI: Long-Term Opportunity




## Agentic AI is a natural evolution of the digital capabilities we have been building

**1** **Built on a strong foundation**

Our app, virtual technician support and member save team already serve homeowners

**2** **Opening a new path to the homeowner**

Agents will become a new interface for homeowners to discover and access our brands, products and services

# Third Quarter 2026 Financial Results

# Strong Q3 Financial Performance

| Revenue | Adj. EBITDA* | Net Income | Adj. EPS* |
|---|---|---|---|
| **$655M** | **$205M** | **$116M** | **$1.81** |
| +6% vs. Q3'25 | +5% vs. Q3'25 | +10% vs. Q3'25 | **+15%** vs. Q3'25 |

## Quarterly Drivers

**01 Balanced growth**

Revenue growth split evenly between price and volume

**02 Cost management & discipline**

Managed through higher claims frequency from extreme heat

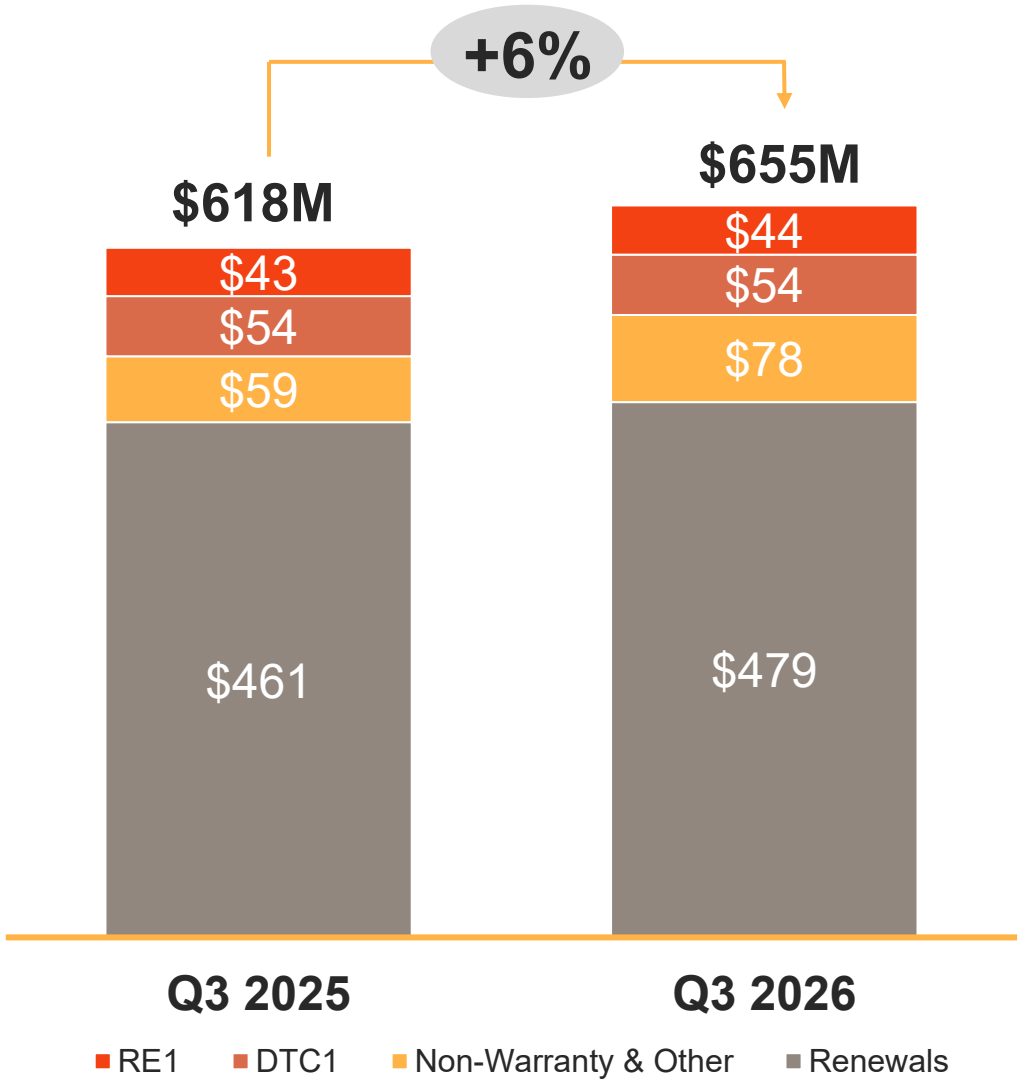
**03 Compounding per-share value**

Mid-teen EPS growth supported by strong earnings and $259M of share repurchases year-to-date

All EPS metrics are presented on a diluted basis

* This financial measure is a non-GAAP financial measure. Refer to “Non-GAAP Financial Measures" in this presentation for a description of this measure and the Appendix for a reconciliation to the nearest GAAP financial measure.

# Renewals & HVAC Upgrades Drive 6% Revenue Growth

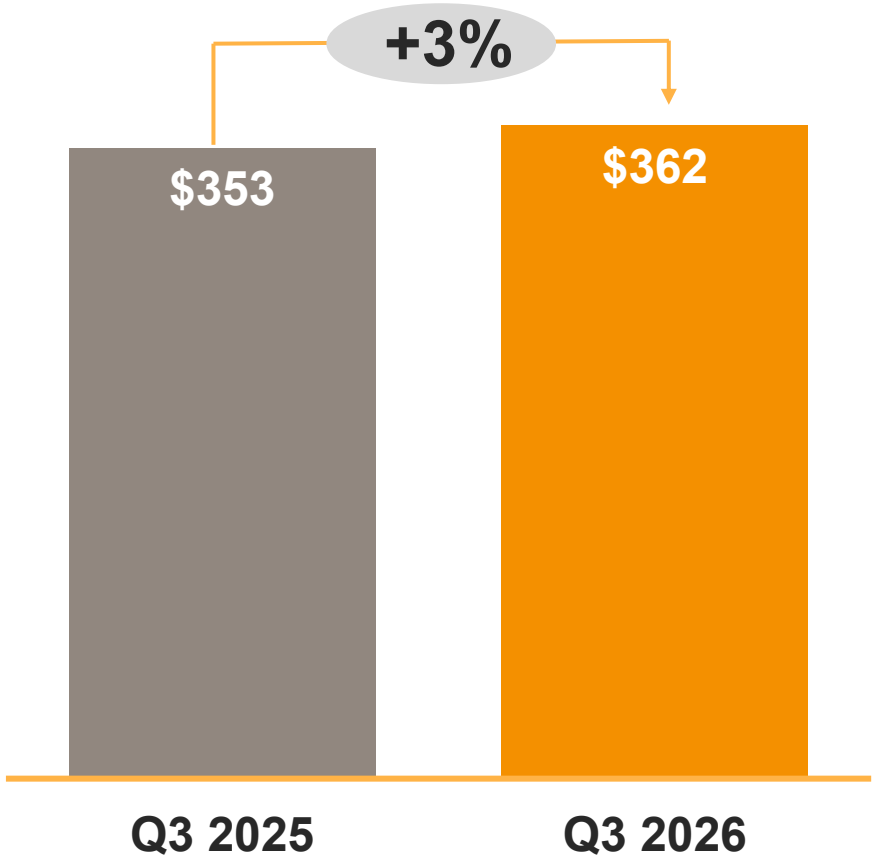



| Channel | YoY | Weight | Drivers |
|---|---|---|---|
| **Renewals** | **+4%** | 73% | Higher price |
| **Non-warranty & other** | **+32%** | 12% | HVAC upgrades |
| **DTC** | **(1)%** | 8% | Lower price partially offset by higher volume |
| **RE** | **+3%** | 7% | Higher volume |
| **Total** | **+6%** | **100%** | **Evenly split between price and volume** |

# Gross Profit Grows on Pricing & Execution

Record heat and revenue mix shift pressured margin

## Gross Profit ($M)




## Gross Profit Margin

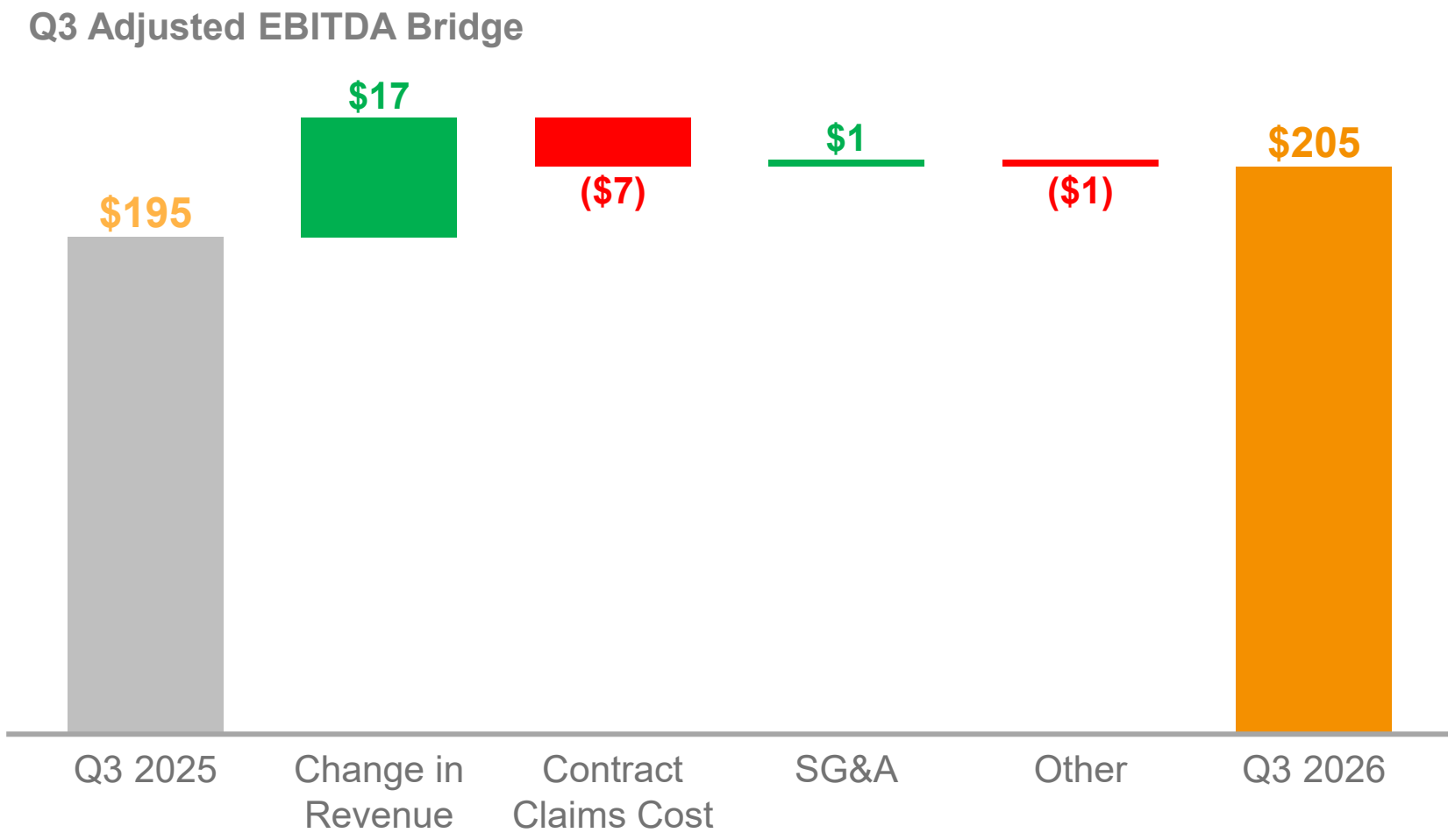
**55%**

Q3 2026

| | | |
|---|---|---|
| + | **Pricing Actions** | Low-single digit price increases |
| – | **Higher Incidence Rate** | $9M unfavorable weather impact |
| – | **Revenue Mix Shift** | HVAC upgrade growth |
| + | **Operational Excellence** | Improved cost control and planning; supply chain optimization; 2-10 cost synergies |
| – | **Normal Cost Inflation** | Labor, parts and equipment |

# Adjusted EBITDA Grew 5% in Q3

($ millions)




**Adj. EBITDA***

**$205M**

**+5%** vs. Q3 2025

**Adj. EBITDA* margin**

**31%**

**Relatively flat** vs. Q3 2025

* This financial measure is a non-GAAP financial measure. Refer to “Non-GAAP Financial Measures" in this presentation for a description of this measure and the Appendix for a reconciliation to the nearest GAAP financial measure.

# Strong Financial Position Supports Capital Allocation Strategy

## Total Liquidity

**$680M**

**$430M**
**Unrestricted Cash**

**$250M**
**Revolver Capacity**

## Free Cash Flow* Q3 Year-to-Date

**$298M**

Funds buybacks without impacting liquidity

## Year-to-date free cash flow deployed through Q3

**$281M**




Share repurchases  Required debt repayments

**~87%**
**of YTD free cash flow**
returned via buybacks

**3.7M**
**shares repurchased**
year to date

**~5%**
**of shares outstanding**
repurchased year to date

*This financial measure is a non-GAAP financial measure. Refer to “Non-GAAP Financial Measures" in this presentation for a description of this measure and the Appendix for a reconciliation to the nearest GAAP financial measure

# Board Approved New $1B Share Repurchase Authorization

| 2021 Authorization | 2024 Authorization | New Authorization |
|---|---|---|
| $400M | $650M | $1 Billion |
| Effective<br>September 2021 | Effective<br>September 2024 | Effective<br>November 2026 |
| Duration<br>Three-year | Duration<br>Three-year | Duration<br>Three-year |
| Status<br>Completed Q3 2024 | Status<br>Expect to complete ~1 year early | Size<br>~1.5x the 2024 authorization |

# Raising FY 2026 Outlook

| Metric | Actual FY 2025 | Prior FY 2026 Outlook | Revised FY 2026 Outlook |
|---|---|---|---|
| **Revenue** | $2.1 billion | $2.19 - $2.21 billion | $2.205 - $2.215 billion |
| **Gross Profit Margin** | 55% | ~55% | ~55% |
| **SG&A** | $669 million | $685 - $695 million | $685 - $695 million |
| **Adjusted EBITDA*** | $553 million | $585 - $600 million | $590 - $600 million |
| **Capital Expenditures** | $26 million | ~$30 million | ~$30 million |
| **Annual Effective Tax Rate** | 25% | ~25% | ~24% |

*Refer to “Non-GAAP Financial Measures" in this presentation for a description of this measure. A reconciliation of our forward-looking 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.

# Q3 Reinforces the Durability of the Model

| | | |
|---|---|---|
| 1 | Durable Member Base | ~1% member growth as renewals and DTC offset Real Estate pressure |
| 2 | Multiple Paths for Growth | Cross-selling deepens share of wallet with our existing members |
| 3 | Higher Earnings Power | Raised long-term margin target earlier in year, reflecting pricing, operations and scale |
| 4 | Cash Generation and Flexibility | Strong free cash flows allows for investments in the business while returning significant capital to shareholders |



# Questions?

# Appendix

# Q3 2026 Consolidated Results

| | Three Months Ended September 30, | | |
|---|---|---|---|
| **$ millions, except per share amounts** | **2026** | **2025** | **Change** |
| **Revenue** | **$655** | **$618** | **$38** |
| *YoY Growth* | | | *6%* |
| **Gross Profit** | **$362** | **$353** | **$9** |
| *% of revenue* | *55%* | *57%* | *-190 bps* |
| **Selling and administrative expenses** | **$174** | **$174** | **($0)** |
| *% of revenue* | *27%* | *28%* | *-160 bps* |
| Depreciation and amortization expense | 20 | 22 | (2) |
| Restructuring charges | 1 | 1 | (0) |
| Interest expense | 19 | 20 | (1) |
| Interest and net investment income | (6) | (6) | 0 |
| **Income before taxes** | **$154** | **$142** | **$12** |
| Provision for income taxes | 38 | 37 | 1 |
| **Net income** | **$116** | **$106** | **$11** |
| *Net Income Margin* | *18%* | *17%* | *60 bps* |
| Other comprehensive income, net of tax | 11 | (1) | 12 |
| **Total Comprehensive Income** | **$127** | **$105** | **$22** |
| **Earnings Per Share:** | | | |
| Basic | $1.69 | $1.45 | $0.24 |
| Diluted | $1.65 | $1.42 | $0.23 |
| **Weighted average common shares outstanding:** | | | |
| Basic | 68.7 | 72.8 | 4.0 |
| Diluted | 70.3 | 74.4 | 4.1 |
| **Adjusted EBITDA** | **$205** | **$195** | **$10** |
| *Adjusted EBITDA Margin* | *31%* | *32%* | *-30 bps* |

# Adjusted EBITDA* Reconciliation

| ($ millions) | Three Months Ended September 30, 2026 | Three Months Ended September 30, 2025 | Nine Months Ended September 30, 2026 | Nine Months Ended September 30, 2025 |
|---|---|---|---|---|
| **Net Income** | **$116** | **$106** | **$283** | **$253** |
| Depreciation and amortization expense | 20 | 22 | 61 | 66 |
| Restructuring charges | 1 | 1 | 3 | 1 |
| Interest expense | 19 | 20 | 57 | 59 |
| Non-cash stock-based compensation expense | 9 | 8 | 31 | 25 |
| Acquisition and integration related costs | 2 | 2 | 5 | 6 |
| Provision for income taxes | 38 | 37 | 89 | 83 |
| Other non-operating expenses | 0 | 0 | 0 | 1 |
| **Adjusted EBITDA** | **$205** | **$195** | **$528** | **$494** |

*This financial measure is a non-GAAP financial measure. Refer to "Non-GAAP Financial Measures" in this presentation for a description of this measure

# Adjusted Net Income* Reconciliation

| ($ millions) | Three Months Ended September 30, 2026 | Three Months Ended September 30, 2025 | Nine Months Ended September 30, 2026 | Nine Months Ended September 30, 2025 |
|---|---|---|---|---|
| **Net Income** | **$116** | **$106** | **$283** | **$253** |
| Amortization expense | 12 | 13 | 37 | 38 |
| Restructuring charges | 1 | 1 | 3 | 1 |
| Acquisition and integration related costs | 2 | 2 | 5 | 6 |
| Tax Impact of adjustments | (3) | (3) | (10) | (10) |
| **Adjusted Net Income** | **$127** | **$117** | **$318** | **$288** |
| **Adjusted Earnings per Share** | | | | |
| Diluted | **$1.81** | **$1.58** | **$4.47** | **$3.84** |
| **Weighted-average Common Shares outstanding** | | | | |
| Diluted | **70.3** | **74.4** | **71.1** | **75.0** |

*This financial measure is a non-GAAP financial measure. Refer to "Non-GAAP Financial Measures" in this presentation for a description of this measure

# Free Cash Flow* Reconciliation

| ($ millions) | Nine Months Ended September 30, 2026 | 2025 |
|---|---|---|
| **Net Cash Provided from Operating Activities** | **$318** | **$315** |
| Property additions | (20) | (20) |
| **Free Cash Flow*** | **$298** | **$296** |

*This financial measure is a non-GAAP financial measure. Refer to "Non-GAAP Financial Measures" in this presentation for a description of this measure