Q3 2022 Earnings Results Presentation

November 7, 2022

Forward-looking Statements

Certain matters discussed in this presentation constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Certain, but not necessarily all, of such forward-looking statements can be identified by the use of forward-looking terminology, such as "expect," "estimate," "believe," "anticipate," "should," "will," "forecast," "plan," "project," "assume," or similar words of futurity. All statements other than historical facts are forward-looking statements. These forward-looking statements are based on management's current beliefs, assumptions and expectations regarding future events, which, in turn, are based on information currently available to management. Such statements may relate to projections of the company's revenue, expenses, adjusted EBITDA, earnings, debt levels, ability to repay outstanding indebtedness, payment of dividends, repurchases of common stock and other financial and operational measures, including occupancy and open hotels, RevPAR, the company's ability to benefit from any rebound in travel demand, the company's liquidity, the impact of COVID-19 and economic conditions on our future operations, among other matters. We caution you not to place undue reliance on any such forward-looking statements. Forward-looking statements do not guarantee future performance and involve known and unknown risks, uncertainties and other factors.

Several factors could cause actual results, performance or achievements of the company to differ materially from those expressed in or contemplated by the forward-looking statements. Such risks include, but are not limited to, the consummation of the acquisition of Radisson Hotels Americas, including the related incurrence of additional indebtedness; the company’s ability to successfully integrate Radisson Hotels Americas’ employees and operations; the ability to realize the anticipated benefits and synergies of the acquisition of Radisson Hotels Americas as rapidly or to the extent anticipated; the continuation or resurgence of the COVID-19 pandemic, including with respect to new strains or variants; the rate, pace and effectiveness of vaccination in the broader population; changes in consumer demand and confidence, including the impact of the COVID-19 pandemic on unemployment rates, consumer discretionary spending and the demand for travel, transient and group business; the impact of COVID-19 on the global hospitality industry, particularly but not exclusively in the U.S. travel market; the timing and amount of future dividends and share repurchases; changes to general, domestic and foreign economic conditions, including access to liquidity and capital; future domestic or global outbreaks of epidemics, pandemics or contagious diseases, or fear of such outbreaks; changes in law and regulation applicable to the travel, lodging or franchising industries; including with respect to the status of the relationship with employees of our franchisees; foreign currency fluctuations; impairments or declines in the value of the company's assets; operating risks common in the travel, lodging or franchising industries; changes to the desirability of our brands as viewed by hotel operators and customers; changes to the terms or termination of our contracts with franchisees and our relationships with our franchisees; our ability to keep pace with improvements in technology utilized for marketing and reservations systems and other operating systems; the commercial acceptance of our Software-as-a-Service (“SaaS”) technology solutions division's products and services; our ability to grow our franchise system; exposure to risks related to our hotel development, financing and ownership activities; exposures to risks associated with our investments in new businesses; fluctuations in the supply and demand for hotel rooms; our ability to realize anticipated benefits from acquired businesses; impairments or losses relating to acquired businesses; the level of acceptance of alternative growth strategies we may implement; cyber security and data breach risks; ownership and financing activities; hotel closures or financial difficulties of our franchisees; operating risks associated with our international operations, especially in areas currently most affected by COVID-19; the outcome of litigation; and our ability to effectively manage our indebtedness, and secure our indebtedness, including additional indebtedness incurred as a result of the acquisition of Radisson Hotels Americas. These and other risk factors are discussed in detail in the company's filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K and, where applicable, our Quarter Reports on Form 10-Q. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.


Park Inn by Radisson Mazatlán, Mexico

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Cambria Hotel, Calabasas, CA

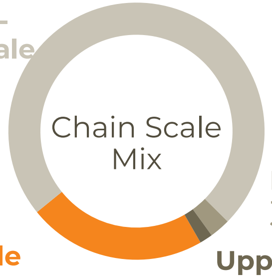
1 Quarterly Business Update

The acquisition of Radisson Hotels Americas complements the company's existing strategy of growth in RevPAR accretive markets, representing a leap forward in the evolution of Choice Hotels' competitive position and future growth potential, and is expected to add $80 million in recurring adjusted EBITDA[1]

RHG RADISSON HOTEL GROUP AMERICAS

RADISSON COLLECTION | Radisson BLU | PARK PLAZA | RED Radisson | Radisson | RADISSON Individuals. | COUNTRY INN & SUITES BY RADISSON | RADISSON INN & SUITES | park inn by Radisson

>73,000 Upper-midscale and upscale global rooms[2] in **19** Countries & territories and **9** New Brands with **38%** Higher RevPAR vs. the average of the existing Choice portfolio[3]



Chain Scale Mix

Upper-Midscale 73%

Midscale 3%

Upscale 22%

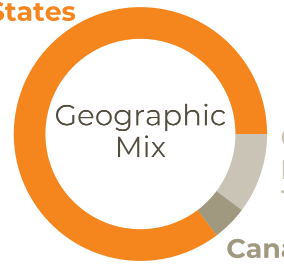
Upper-Upscale 2%

Operations

Franchising 98%

Owned Real Estate[4] <1%

Management Operations[4] <2%



Geographic Mix

United States 85%

Caribbean and Latin America 10%

Canada 4%

* Data as of September 30, 2022; percentages based on units.

Strategic Merits:

1. **Accelerates** asset-light strategy of growth in RevPAR accretive travel segments and locations
2. **Improves** return on investment for franchise owners
3. **Expands** customer reach to a higher income and younger demographic, and with business travelers
4. **Grows** footprint in the Upper Midwest, West coast, and key international markets

1 Upon full integration in 2024. The company is not able to reconcile full-year 2022 projected adjusted EBITDA and full-year 2024 projected adjusted EBITDA contribution from the Radisson Hotels Americas business unit, in each case without unreasonable efforts because it is not possible to predict with a reasonable degree of certainty the final valuation and related allocation of the purchase price and other potential adjustments. The unavailable information could have a significant impact on the company's full-year 2022 and full-year 2024 reported financial results.
2 Rooms open and in the development pipeline.
3 Based of 2019 RevPAR which represents a stabilized pre-pandemic environment.
4 Reflects 3 owned hotels and 10 managed hotels as of September 30, 2022.

Third Quarter 2022 Performance Recap and 2022 Outlook Update

Domestic Results[1]

RevPAR Growth

+15.2%
vs. Q3 '19

ADR +15.1%
vs. Q3 '19

Outperformed industry for 11 consecutive quarters by **+410** basis points

Exceeded 2019 levels for **16** consecutive months since June 2021

FY '22 outlook (**raised** guidance):

+13% to **+15%** vs. FY '19
+11% to **12%** vs. FY '21

Franchise Agreements

+38%
Q3 contracts awarded YoY

+27%
YTD contracts awarded YoY[2]

Pipeline[3]

1,017
hotels

+16%
YoY

+12%
QoQ

Effective Royalty Rate

5.04%
+5 bps vs. Q3 '21

FY '22 outlook:

Mid-single digit growth
vs. FY '21

Unit Growth[4]

+5.4%
vs. Q3 '21

FY '22 outlook:
approx. +7%
vs. FY '21

1 For comparative purposes, RevPAR, effective royalty rate and executed contracts exclude the impact of the Radisson Hotels Americas acquisition, while pipeline and unit growth include the impact of the Radisson Hotels Americas acquisition.
2 Excluding the multi-unit transaction for 22 properties as part of the company's strategic alliance with Penn National Gaming in 2021. Including this multi-unit transaction, total number of domestic contracts awarded increased 17% YoY.
3 Pipeline numbers include hotels awaiting conversion, under construction or approved for development and master development agreements committing owners to future franchise development.
4 Unit growth includes both the Radisson Hotels Americas incremental units and the impact of the previously announced one-time exits. The outlook includes Radisson Hotels Americas and the impact of the previously announced one-time exit of the WoodSpring Suites hotels.

Comfort Inn & Suites, CrossPlex Village, AL


Comfort Inn & Suites, Hurricane, UT


Clarion Pointe, South Boston, VA

Midscale

Midscale

- **Surpassed 2019 RevPAR levels** since June 2021 and achieved **11.3%** RevPAR growth[1]
- The number of domestic franchise agreements awarded **increased 39% YoY**

Comfort Family

- Achieved **RevPAR share gains** versus local competitors and drove **RevPAR growth** outperformance versus the upper-midscale chain scale[1]
- **New prototype** under development in several locations, marking the **next growth chapter** for the brand

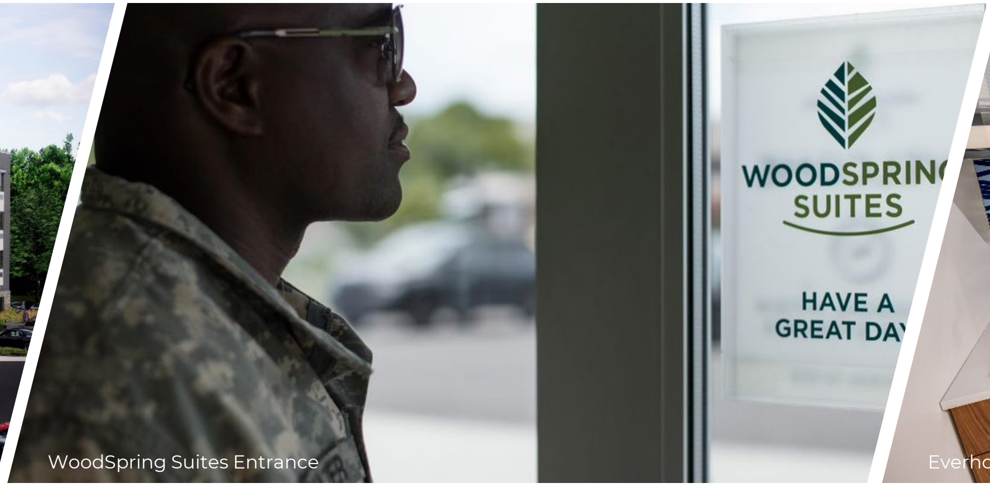
[1] Q3 2022 compared to the same period of 2019.

Sleep Inn, Baxley,GA


Quality Suites Pineville-Charlotte, NC

Clarion Pointe, Rochester, NY

Everhome Suites Prototype Exterior Rendering



WoodSpring Suites Entrance


Everhome Model Room

Extended Stay

Extended Stay

- **Surpassed 2019 RevPAR levels** since April 2021 and achieved **nearly 22%** RevPAR growth[1]
- **Expanded** domestic pipeline to **nearly 470** units, a **45%** increase YoY

WoodSpring Suites

- Drove nearly **28% RevPAR growth** with occupancy levels of **81%** and a **22%** increase in ADR[1]
- **Increased domestic pipeline 68%** YoY (**nearly 290** domestic projects)

Everhome Suites

- **First** hotel opened in September 2022, with **56** domestic projects in the pipeline

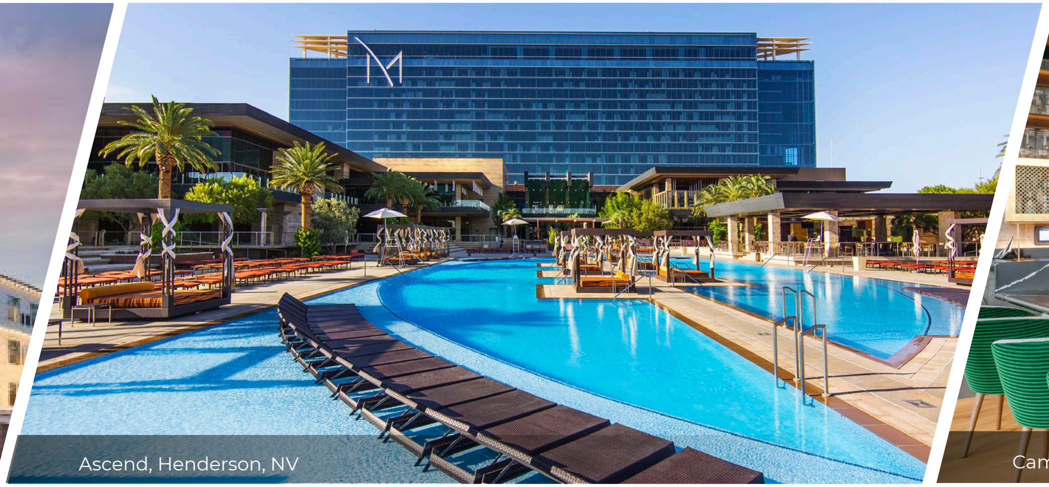
[1] Q3 2022 compared to the same period of 2019.

Suburban Studios Exterior


WoodSpring Suites Interior

WoodSpring Suites, Orlando East, FL

Cambria Hotels, Milwaukee, WI


Ascend, Henderson, NV


Cambria Hotels, Boston, MA

Upscale

Upscale

- **Achieved 18.3% RevPAR growth** and outperformed the upscale chain scale by **over 13 percentage points**[1]
- **Nearly tripled** the number of franchise agreements executed YoY

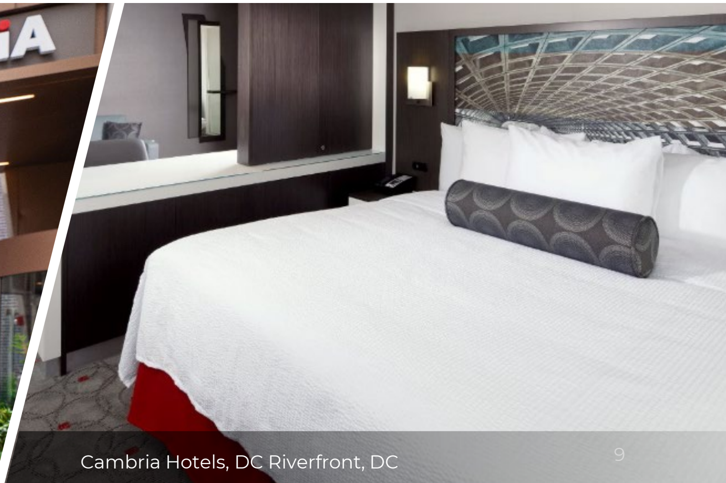
Cambria

- **5.2% YoY** unit growth, **over 60** units open and **69** in domestic pipeline, including **20** projects under active construction
- **20** new prototype agreements signed as of the end of Q3 2022

[1] Q3 2022 compared to the same period of 2019.

Cambria Hotels, Houston, TX

Cambria Hotels, Philadelphia, PA


Cambria Hotels, DC Riverfront, DC

2

Financial Summary and Highlights

Cambria Hotel, St. Petersburg-Madeira Beach Marina, FL

CHOICE HOTELS

Third Quarter Financial Performance and Full-Year Financial Outlook Update

Revenue, Profitability & Balance Sheet

$414.3M
Total Revenues

$103.1M
Net Income

$139.4M
Adj. EBITDA

$1.56
Adj. diluted EPS

2.5x
Gross leverage ratio
below the target of 3-4x

Outlook[1]

$465M to $470M
FY '22 Adj. EBITDA

+25% to 26%
vs. FY '19

+15% to 17%
vs. FY '21

$80M
Annual recurring
Radisson Hotels Americas
adj. EBITDA (FY '24)

Shareholder Returns

>$230M
In the form of
share repurchases in Q3

representing

~4%
of shares outstanding
as of Sept. 30, 2022[2]

Acquisition[3]

~$674M
Purchase price
(closed the acquisition of
Radisson Hotels Americas)

Capital Recycling Activity[4]

>$140M
YTD through Sept. 30, 2022

Secured 20- to 30-year
franchise agreements with all buyers

1 The company is not able to reconcile full-year 2022 projected adjusted EBITDA and full-year 2024 projected adjusted EBITDA contribution from the Radisson Hotels Americas business unit, in each case without unreasonable efforts because it is not possible to predict with a reasonable degree of certainty the final valuation and related allocation of the purchase price and other potential adjustments. The unavailable information could have a significant impact on the company's full-year 2022 and full-year 2024 reported financial results.
2 The percentage of shares repurchased is calculated based on 54 million shares outstanding as of September 30, 2022.
3 The acquisition closed on August 11, 2022.
4 The company sold the Cambria Hotel Nashville Downtown, Tennessee in July 2022 for approximately $110 million. Subsequent to quarter-end, the company sold the Cambria Hotel New Haven, Connecticut, in October 2022 for $30 million.

4 Appendix

Comfort Inn & Suites, Boise, ID

Non-GAAP Financial Measurements

The company evaluates its operations utilizing the performance metrics of adjusted EBITDA, adjusted EBITDA margins, adjusted selling, general and administrative (SG&A) expenses, revenues excluding reimbursable revenue from franchised and managed properties and extraordinary termination fees from franchisee, adjusted net income and adjusted EPS, which are all non-GAAP financial measurements. These measures, which are reconciled to the comparable GAAP measures in Exhibit 7, should not be considered as an alternative to any measure of performance or liquidity as promulgated under or authorized by GAAP, such as net income, SG&A, EPS and total revenues. The company's calculation of these measurements may be different from the calculations used by other companies and comparability may therefore be limited. We discuss management's reasons for reporting these non-GAAP measures and how each non-GAAP measure is calculated below.

In addition to the specific adjustments noted below with respect to each measure, the non-GAAP measures presented herein also exclude restructuring of the company’s operations including employee severance benefit, income taxes and legal costs, exceptional allowances recorded as a result of COVID-19’s impact on the collectability of receivables, expenses associated with legal claims, acquisition related due diligence, transition and transaction costs, one-time franchise agreement termination fees received related to the purchase and rebranding of a 110 hotel portfolio of WoodSpring Suites hotels, and gains/losses on sale/disposal and impairment of assets primarily related to hotel ownership and development activities to allow for period-over-period comparison of ongoing core operations before the impact of these discrete and infrequent charges.

Adjusted SG&A, Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization and Margin: Adjusted SG&A, Adjusted EBITDA and Adjusted EBITDA Margin reflects net income excluding the impact of interest expense, interest income, provision for income taxes, depreciation and amortization, franchise-agreement acquisition cost amortization, other (gains) and losses, equity in net income (loss) of unconsolidated affiliates, mark-to-market adjustments on non-qualified retirement plan investments, share based compensation expense (benefit) and surplus or deficits generated by reimbursable revenue from franchised and managed properties. We consider adjusted EBITDA and adjusted EBITDA margins to be an indicator of operating performance because it measures our ability to service debt, fund capital expenditures and expand our business. We also use these measures, as do analysts, lenders, investors and others, to evaluate companies because it excludes certain items that can vary widely across industries or among companies within the same industry. For example, interest expense can be dependent on a company's capital structure, debt levels and credit ratings, and share based compensation expense (benefit) is dependent on the design of compensation plans in place and the usage of them. Accordingly, the impact of interest expense and share based compensation expense (benefit) on earnings can vary significantly among companies. The tax positions of companies can also vary because of their differing abilities to take advantage of tax benefits and because of the tax policies of the jurisdictions in which they operate. As a result, effective tax rates and provision for income taxes can vary considerably among companies. These measures also exclude depreciation and amortization because companies utilize productive assets of different ages and use different methods of both acquiring and depreciating productive assets or amortizing franchise-agreement acquisition costs. These differences can result in considerable variability in the relative asset costs and estimated lives and, therefore, the depreciation and amortization expense among companies. Mark-to-market adjustments on non-qualified retirement-plan investments recorded in SG&A are excluded from EBITDA, as the company accounts for these investments in accordance with accounting for deferred-compensation arrangements when investments are held in a rabbi trust and invested. Changes in the fair value of the investments are recognized as both compensation expense in SG&A and other gains and losses. As a result, the changes in the fair value of the investments do not have a material impact on the company's net income. Surpluses and deficits generated from reimbursable revenues from franchised and managed properties are excluded, as the company's franchise and management agreements require these revenues to be used exclusively for expenses associated with providing franchise and management services, such as central reservation and property-management systems, hotel employee and operating costs, reservation delivery and national marketing and media advertising. Franchised and managed property owners are required to reimburse the company for any deficits generated from these activities and the company is required to spend any surpluses generated in future periods. Since these activities will be managed to break-even over time, quarterly or annual surpluses and deficits have been excluded from the measurements utilized to assess the company's operating performance.

Adjusted Net Income and Adjusted Earnings Per Share: Adjusted net income and EPS exclude the impact of surpluses or deficits generated from reimbursable revenue from franchised and managed properties. Surpluses and deficits generated from reimbursable revenue from franchised and managed properties are excluded, as the company's franchise agreements require these revenues to be used exclusively for expenses associated with providing franchised and managed services, such as central reservation and property-management systems, hotel employee and operating costs, reservation delivery and national marketing and media advertising. Franchised and managed property owners are required to reimburse the company for any deficits generated from activities and the company is required to spend any surpluses generated in future periods. Since these activities will be managed to break-even over time, quarterly or annual surpluses and deficits have been excluded from the measurements utilized to assess the company's operating performance. We consider adjusted net income and adjusted EPS to be indicators of operating performance because excluding these items allow for period-over-period comparisons of our ongoing operations.

Revenues, Excluding Reimbursable Revenue from Franchised and Managed Properties and Extraordinary Termination Fees from Franchisee: The company reports revenues, excluding reimbursable revenue from franchised and managed properties and extraordinary termination fees from franchisee. These non-GAAP measures we present are commonly used measures of performance in our industry and facilitate comparisons between the company and its competitors. Reimbursable revenues from franchised and managed properties are excluded, as the company’s franchise and management agreements require revenues to be used exclusively for expenses associated with providing franchise and management services, such as central reservation and property-management systems, hotel employee and operating costs, reservation delivery and national marketing and media advertising. Franchisees are required to reimburse the company for any deficits generated from these activities and the company is required to spend any surpluses generated in future periods. Since these activities will be managed to break-even over time, quarterly or annual surpluses and deficits have been excluded from the measurements utilized to assess the company's operating performance. During the third quarter of 2022, the company earned one-time franchise agreement termination fees related to the purchase by a third-party from an existing franchisee and the subsequent rebranding of a 110 hotel portfolio of WoodSpring Suites hotels. These termination fees received are considered infrequent in nature and not representative of on-going operations and therefore have been excluded from the measurements utilized to assess the company’s operating performance.

Reconciliation of Non-GAAP Measures

ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION ("EBITDA")		
($thousands)	Q3 2022*	Q3 2021*
Net income	**$ 103,079**	**$ 116,653**
Income tax expense	33,696	34,934
Interest expense	9,362	11,638
Interest income	(2,348)	(1,202)
Other (gains) losses	2,303	407
Equity in operating net (gain) loss of affiliates, net of impairments	(1,075)	957
Loss on impairment of affiliate	-	-
Gain on sale of affiliate	-	(4,283)
Gain on sale of assets	(13,379)	-
Depreciation and amortization	9,668	5,883
Mark to market adjustments on non-qualified retirement plan investments	(1,419)	(61)
Operational restructuring charges	5,416	-
Share-based compensation	4,662	3,016
Due diligence costs	19,496	-0
Extraordinary termination fees from franchisee	(22,647)	-
Expenses associated with legal claims	-	3,000
Net reimbursable revenues from franchised and managed properties	(9,702)	(40,655)
Exceptional allowances attributable to COVID-19	-	989
Franchise agreement acquisition costs amortization	2,262	1,961
Adjusted EBITDA	**$ 139,373**	**$ 133,238**

REVENUES, EXCLUDING REIMBURSABLE REVENUE FROM FRANCHISED AND MANAGED PROPERTIES AND EXTRAORDINARY TERMINATION FEES		
($thousands)	Q3 2022	Q3 2021
Total revenues	**$ 414,265**	**$ 323,368**
Adjustments:		
Marketing and reservation system activities	(189,382)	(135,988)
Revenues, excl. reimbursable revenue from franchised and managed properties and extraordinary termination fees	**$ 200,991**	**$ 166,497**
Adjusted EBITDA margin	**69%**	**80%**

*Figures are calculated using guidelines from the ASC 606 Revenue Recognition Standard.

Reconciliation of Non-GAAP Measures

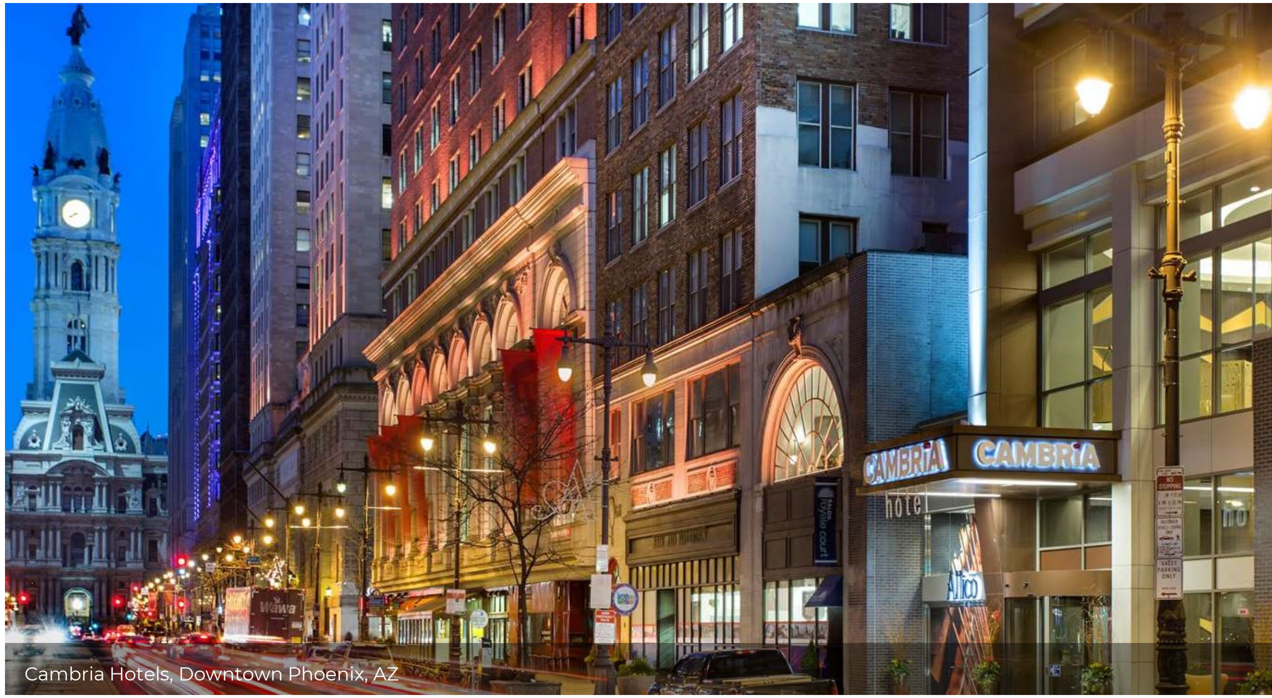
ADJUSTED NET INCOME AND ADJUSTED DILUTED EARNINGS PER SHARE (EPS)		
($thousands)	Q3 2022*	Q3 2021*
Net income	**$ 103,079**	**$ 116,653**
Adjustments:		
Loss on impairment of affiliate	-	-
(Gain) on sale of affiliate	(10,087)	-
(Gain) on sale of assets	-	(3,276)
Operational restructuring costs	4,084	-
Due diligence & transition costs	14,700	-
Extraordinary termination fees from franchisee	(17,076)	-
Exceptional allowances attributable to COVID-19	-	757
Expenses associated with legal claims	-	2,295
Net reimbursable revenues from franchise and managed properties	(7,238)	(31,286)
Adjusted Net Income	**$ 87,462**	**$ 85,143**
Diluted Earnings Per Share	**$ 1.85**	**$ 2.08**
Adjustments:		
Loss on impairment of affiliate	-	-
(Gain) on sale of affiliate	(0.18)	-
(Gain) on sale of assets	-	0.06
Operational restructuring costs	0.07	-
Due diligence & transition costs	0.26	-
Extraordinary termination fees from franchisee	(0.31)	-
Exceptional allowances attributable to COVID-19	-	0.01
Expenses associated with legal claims	-	0.04
Net reimbursable revenues from franchise and managed properties	(0.13)	(0.56)
Adjusted Diluted Earnings Per Share (EPS)	**$ 1.56**	**$ 1.51**

*Figures are calculated using guidelines from the ASC 606 Revenue Recognition Standard.


Cambria Hotels, Philadelphia, PA


Cambria Hotels, Calabasas, CA


Cambria Hotels, Chicago Theater District, IL



Cambria Hotels, Downtown Phoenix, AZ