Choice Hotels International Reports 2021 Third Quarter Results

Third quarter domestic RevPAR exceeded guidance and grew 11.4% above 2019 levels; awarded 89 new domestic franchise agreements in the quarter, a 10% increase from the same period of 2020

ROCKVILLE, Md., Nov. 4, 2021 /PRNewswire/ -- Choice Hotels International, Inc. (NYSE: CHH), one of the world's largest lodging franchisors, today reported its results for the three months ended September 30, 2021.

"Our impressive third quarter results are a testament to the success of our long-term growth strategy and the investments we have made to position us to further increase our share of travel demand and benefit from trends that favor leisure travel, limited-service hotels and longer stay occasions," said Patrick Pacious, president and chief executive officer, Choice Hotels. "Today, we are in an even stronger position to capitalize on growth opportunities to create added value and drive our performance to new levels in the years to come."

Highlights of third quarter and year-to-date 2021 results include (note that RevPAR and financial metrics are compared to 2019[1]):

- Domestic systemwide revenue per available room (RevPAR) growth exceeded third quarter guidance and outperformed the total industry by 16 percentage points, increasing 11.4% for third quarter 2021, compared to the same period of 2019. RevPAR growth was driven by an increase in average daily rate (ADR) of 8.8% and a 150-basis-point increase in occupancy levels versus third quarter 2019. These RevPAR trends have continued into the fourth quarter.
- The company's domestic effective royalty rate for third quarter 2021 increased 8 basis points over the prior year third quarter to 4.99%.
- The company awarded 289 domestic franchise agreements year-to-date through September 30, 2021, a 25% increase compared to the same period of 2020. The company's domestic franchise agreements for conversion hotels increased by 25% year-to-date through September 30, 2021, compared to the same period of 2020. The company awarded 89 domestic franchise agreements in third quarter 2021, a 10% increase compared to the same period of the prior year.
- Third quarter net income increased 53% to $116.7 million from third quarter 2019, representing diluted earnings per share (EPS) of $2.08.
- Third quarter adjusted net income, excluding certain items described in Exhibit 7, increased 11% to $85.1 million from third quarter 2019, and adjusted diluted EPS were $1.51, an increase of 10% from third quarter 2019.
- Third quarter adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) were $133.2 million, a 18% increase from third quarter 2019.
- Adjusted EBITDA margin for third quarter 2021 was 80%, a 650-basis-point increase from third quarter 2019.
- In August 2021, the company's award-winning loyalty program, Choice Privileges, surpassed 50 million members.
- During the first nine months of 2021, the company returned $22.5 million to shareholders in the form of cash dividends and share repurchases. In October 2021, the company returned an additional $12.5 million to shareholders through cash dividends.

Performance Trends

- Domestic systemwide RevPAR for third quarter 2021 outperformed the respective chain scales in which the company competes by 600 basis points, compared to the same period of 2019.
- Choice Hotels' overall portfolio achieved RevPAR index gains versus local competitors of 370 basis points for third quarter 2021 compared to the same period of 2019, driven by both ADR and occupancy index gains.
- The company's extended-stay portfolio achieved domestic systemwide RevPAR growth of 18.2% in third quarter 2021 compared to the same period of 2019, driven by occupancy levels of 82% and a 9% increase in ADR. The WoodSpring Suites brand achieved RevPAR growth of 22.8% in third quarter 2021 compared to the same period of 2019, driven by occupancy levels of nearly 86% and an 11.1% increase in ADR.
- The company's midscale portfolio achieved domestic systemwide RevPAR growth of 9.7% in third quarter 2021 compared to the same period of 2019, driven primarily by a 9.3% increase in ADR. In third quarter 2021, the Comfort brand family's domestic systemwide RevPAR change outperformed the upper-midscale chain scale by 730 basis points compared to the same period of 2019, and the Quality Inn brand achieved RevPAR growth of 13.3%, driven predominantly by a 10.4% increase in ADR, compared to the same period of 2019.
- The company's portfolio continued to achieve domestic systemwide RevPAR share gains versus its competitors for third quarter 2021, compared to third quarter 2019, with the Cambria Hotels brand achieving gains of 12 percentage points. In third quarter 2021, the Ascend Hotel Collection achieved RevPAR growth of 7.9%, driven by a 17.2% increase in ADR, compared to the same period of 2019.

Additional details for the company's third quarter and year-to-date 2021 results are as follows:

Revenues

- Total revenues increased 4% to $323.4 million for third quarter 2021, compared to the same period of 2019.
- Total revenues excluding marketing and reservation system fees increased 8% to $166.5 million for third quarter 2021, compared to the same period of 2019.
- Third quarter 2021 domestic royalties totaled $123 million, a 14% increase from the same period of 2019.

Development

- The company's domestic franchise agreements for new construction hotels increased by 52% in third quarter 2021, compared to the same period of 2020.
- As of September 30, 2021, the number of domestic rooms in the company's upscale portfolio expanded by nearly 22% since September 30, 2020, driven by a 6% increase in room count for the Cambria Hotels brand and a 27% increase in room count for the Ascend Hotel Collection.
- For the first nine months of 2021, the upscale portfolio set a record for the highest number of upscale hotel openings in the company's history, including 22 properties added as part of the company's strategic alliance with Penn National Gaming. In September 2021, the company launched a new Cambria hotel prototype designed for secondary and leisure markets to position the brand for continued system growth while maximizing developers' return on investment.
- The company's extended-stay portfolio continued its rapid expansion, reaching 467 domestic hotels as of September 30, 2021, an 11% increase since September 30, 2020, with the domestic extended-stay pipeline reaching nearly 310 hotels awaiting conversion, under construction or approved for development. In third quarter 2021, the company's extended stay domestic franchise agreements increased by 85%, compared to the same period in 2020, and grew by 20%, compared to the same period in 2019.
- The company continued its leadership in the midscale segment by increasing the number of domestic hotels within the Comfort brand family by 2.2% from September 30, 2020. The brand's domestic franchise agreements for new construction hotels increased three-fold in third quarter 2021, compared to the same period of 2020. For the first nine months of 2021, the Comfort brand family executed the highest number of conversion hotel openings since 2014.
- The number of domestic hotels and rooms, as of September 30, 2021, increased 0.1% and 1.2%, respectively, from September 30, 2020. The company's domestic upscale, midscale and extended-stay segments reported a 2.0% and 2.6% aggregate increase in units and rooms, respectively, since September 30, 2020.
- The company's total domestic pipeline of hotels awaiting conversion, under construction or approved for development, as of September 30, 2021, reached nearly 860 hotels representing over 71,000 rooms.

Balance Sheet and Liquidity

The company improved its strong balance sheet and liquidity position in third quarter 2021 and continues to benefit from its primarily franchise-only business model, which has historically provided a stable earnings stream, low capital expenditure requirements and significant free cash flow. As of September 30, 2021, the company's total available liquidity consisting of cash and available borrowing capacity through the revolving credit facility was over $1 billion. The company generated cash flow from operations of $142.8 million for third quarter 2021, a 53% increase from the same period of 2019.

Shareholder Returns

During the nine months ended September 30, 2021, the company paid cash dividends totaling $12.5 million. Based on the current quarterly dividend rate of $0.225 per share of common stock, the company expects to pay dividends totaling approximately $25 million during 2021.

During the nine months ended September 30, 2021, the company repurchased approximately 0.1 million shares of common stock for $10 million under its stock repurchase program, as well as through repurchases from employees in connection with tax withholding and option exercises relating to awards under the company's equity incentive plans. As of October 31, 2021, the company had 3.4 million shares remaining under the current share repurchase authorization.

In October 2021, the company returned $12.5 million to shareholders in the form of cash dividends.

Outlook

COVID-19 continues to impact the company's business and the outlook reflects the company's estimates based on the best information available at this time. The adjusted numbers in the company's outlook exclude the net surplus or deficit generated from the company's marketing and reservation system activities, as well as other items. See Exhibit 8 for the calculation of adjusted forecasted results and the reconciliation to the comparable GAAP measures.

- Domestic RevPAR for full-year 2021 is expected to surpass 2019 levels and grow at approximately 1%, as compared to full-year 2019.
- Adjusted EBITDA for full-year 2021 is expected to exceed 2019 levels and range between $382 million and $387 million.
- The company's outlook for adjusted EBITDA is based on the current number of shares of common stock outstanding and, therefore, does not reflect any subsequent changes that may occur due to new equity grants or further repurchases of common stock under the company's stock repurchase program.

Conference Call

Choice Hotels International will conduct a conference call on, November 4, 2021, at 8 a.m. Eastern Time to discuss the company's third quarter earnings results. The dial-in number to listen to the call domestically is (888) 349-0087 and the number for international participants is (412) 317-5259. A live webcast and accompanying materials will also be available on the company's investor relations website, http://investor.choicehotels.com/ and can be accessed via the Financial Performance and Presentations tab.

About Choice Hotels®

Choice Hotels International, Inc. (NYSE: CHH) is one of the largest lodging franchisors in the world. With more than 7,100 hotels, representing over 600,000 rooms, in nearly 40 countries and territories as of September 30, 2021, the Choice® family of hotel brands provides business and leisure travelers with a range of high-quality lodging options from limited service to full-service hotels in the upscale, midscale, extended-stay and economy segments. The award-winning Choice Privileges® loyalty program offers members benefits ranging from everyday rewards to exceptional experiences. For more information, visit www.choicehotels.com.

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. Generally, our use of words such as "expect," "estimate," "believe," "anticipate," "should," "will," "forecast," "plan," "project," "assume," or similar words of futurity identify such 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, continuation, resurgence or worsening of the COVID-19 pandemic, including with respect to new strains or variants; the rate and pace 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 success of our mitigation efforts in response to the COVID-19 pandemic; the performance of our brands and categories in any recovery from the COVID-19 pandemic disruption; the timing and amount of future dividends and share repurchases; changes to general, domestic and foreign economic conditions, including access to liquidity and capital as a result of COVID-19; 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; 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, including ransomware attacks; 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. 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 our Quarterly 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.

Non-GAAP Financial Measurements

The company evaluates its operations utilizing the performance metrics of adjusted EBITDA, adjusted EBITDA margins, revenues excluding marketing and reservation system activities, 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, 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, debt-restructuring costs, tax credits related to the rehabilitation and re-use of historic buildings, exceptional allowances recorded as a result of COVID-19's impact on the collectability of receivables, expenses associated with legal claims and gains/losses on sale/disposal and impairment of assets primarily related to hotel ownership and development activities, as well as an office building leased to a third-party to allow for period-over-period comparison of ongoing core operations before the impact of these discrete and infrequent charges.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization and Margin: 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 marketing and reservation system activities. 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 marketing and reservation activities are excluded, as the company's franchise agreements require the marketing and reservation system revenues to be used exclusively for expenses associated with providing franchise services, such as central reservation and property-management systems, reservation delivery and national marketing and media advertising. Franchisees are required to reimburse the company for any deficits generated from these marketing and reservation system 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 marketing and reservation system activities. Surpluses and deficits generated from marketing and reservation activities are excluded, as the company's franchise agreements require the marketing and reservation system revenues to be used exclusively for expenses associated with providing franchise services, such as central reservation and property-management systems, reservation delivery and national marketing and media advertising. Franchisees are required to reimburse the company for any deficits generated from these marketing and reservation system 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 Marketing and Reservation System Activities: The company reports revenues, excluding marketing and reservation system activities. These non-GAAP measures we present are commonly used measures of performance in our industry and facilitate comparisons between the company and its competitors. Marketing and reservation system activities are excluded, as the company's franchise agreements require the marketing and reservation system revenues to be used exclusively for expenses associated with providing franchise services, such as central reservation and property-management systems, reservation delivery and national marketing and media advertising. Franchisees are required to reimburse the company for any deficits generated from these marketing and reservation system 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.

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[1] 2019 comparison data is shown in some cases for comparable prior year periods for context in light of the onset of the COVID-19 pandemic toward the end of the first quarter of 2020.

Choice Hotels International, Inc. and Subsidiaries

Condensed Consolidated Statements of Income

(Unaudited)

	Three Months Ended September 30,				**Nine Months Ended September 30**		
			Variance				
	2021	2020	$	%	**2021**	2020	$
(In thousands, except per share amounts)							
REVENUES							
Royalty fees	**$ 127,317**	$ 79,666	$ 47,651	60%	**$ 299,606**	$ 200,157	$ 99,
Initial franchise and relicensing fees	**6,149**	6,071	78	1%	**18,904**	20,031	(1,
Procurement services	**13,010**	10,115	2,895	29%	**36,293**	34,609	1,

Marketing and reservation system	**156,871**	107,141	49,730	46%	**384,380**	297,203	87,
Owned hotels	**11,377**	4,201	7,176	171%	**24,724**	15,731	8,
Other	**8,645**	3,577	5,068	142%	**20,753**	12,948	7,
Total revenues	**323,369**	210,771	112,598	53%	**784,660**	580,679	203,
OPERATING EXPENSES							
Selling, general and administrative	**35,110**	31,779	3,331	10%	**99,847**	104,098	(4,
Depreciation and amortization	**5,883**	6,382	(499)	(8)%	**18,477**	19,309	(
Marketing and reservation system	**116,216**	113,808	2,408	2%	**327,674**	333,564	(5,
Owned hotels	**7,054**	3,812	3,242	85%	**16,534**	12,822	3,
Total operating expenses	**164,263**	155,781	8,482	5%	**462,532**	469,793	(7,
Loss on impairment of assets	**—**	(4,290)	4,290	100%	**—**	(5,516)	5,
Operating income	**159,106**	50,700	108,406	214%	**322,128**	105,370	216,
OTHER INCOME AND EXPENSES, NET							
Interest expense	**11,638**	12,691	(1,053)	(8)%	**35,106**	37,153	(2,
Interest income	**(1,202)**	(1,744)	542	(31)%	**(3,717)**	(6,277)	2,
Loss on extinguishment of debt	**—**	15,958	(15,958)	(100)%	**—**	16,565	(16,
Other (gains) losses	**407**	(2,030)	2,437	(120)%	**(2,906)**	(858)	(2,
Equity in net (gain) loss of affiliates	**(3,326)**	1,731	(5,057)	292%	**1,492**	7,172	(5,
Total other income and expenses, net	**7,517**	26,606	(19,089)	(72)%	**29,975**	53,755	(23,
Income before income taxes	**151,589**	24,094	127,495	529%	**292,153**	51,615	240,
Income tax expense (benefit)	**34,934**	9,594	25,340	264%	**67,279**	(15,907)	83,
Net income	**$ 116,655**	$ 14,500	$ 102,155	705%	**$ 224,874**	$ 67,522	$ 157,
Basic earnings per share	**$ 2.10**	$ 0.26	$ 1.84	708%	**$ 4.05**	$ 1.22	$
Diluted earnings per share	**$ 2.08**	$ 0.26	$ 1.82	700%	**$ 4.01**	$ 1.21	$

Choice Hotels International, Inc. and Subsidiaries **Exhibit 2**

Condensed Consolidated Balance Sheets

(Unaudited)

(In thousands, except per share amounts)	**September 30,**	**December 31,**
	2021	**2020**

ASSETS		
Cash and cash equivalents	**$ 415,116**	$ 234,779
Accounts receivable, net	**197,999**	149,921
Other current assets	**97,854**	48,214
Total current assets	**710,969**	432,914
Property and equipment, net	**351,768**	334,901
Intangible assets, net	**306,008**	303,725
Goodwill	**159,196**	159,196
Notes receivable, net of allowances	**67,755**	95,785
Investments in unconsolidated entities	**42,961**	57,879
Operating lease right-of-use assets	**10,655**	17,688
Investments, employee benefit plans, at fair value	**31,285**	29,104
Other assets	**185,337**	156,141
Total assets	**$ 1,865,934**	$ 1,587,333
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Accounts payable	**$ 88,056**	$ 83,329
Accrued expenses and other current liabilities	**129,173**	78,920
Deferred revenue	**80,607**	50,290
Current portion of long-term debt	**216,217**	—
Liability for guest loyalty program	**76,541**	43,308
Total current liabilities	**590,594**	255,847
Long-term debt	**843,820**	1,058,738
Deferred revenue	**106,410**	122,406
Liability for guest loyalty program	**40,236**	77,071
Operating lease liabilities	**5,666**	12,739
Deferred compensation & retirement plan obligations	**35,958**	33,756
Other liabilities	**31,104**	32,528
Total liabilities	**1,653,788**	1,593,085
Total shareholders' equity (deficit)	**212,146**	(5,752)

Total liabilities and shareholders' equity (deficit)	**$ 1,865,934**	$ 1,587,333

Choice Hotels International, Inc. and Subsidiaries **Exhibit 3**

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In thousands)	**Nine Months Ended Sept 30,**	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	**$ 224,874**	$ 67,522
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**18,477**	19,309
Depreciation and amortization – marketing and reservation system	**18,364**	14,994
Franchise agreement acquisition cost amortization	**9,734**	8,343
Loss on impairment of assets	**—**	5,516
Loss on extinguishment of debt	**—**	16,565
Non-cash stock compensation and other charges	**24,277**	4,748
Non-cash interest and other investment income	**(11,039)**	(465)
Deferred income taxes	**(34,285)**	(31,411)
Equity in net losses from unconsolidated joint ventures, less distributions received	**8,421**	7,320
Franchise agreement acquisition costs, net of reimbursements	**(28,466)**	(16,960)
Change in working capital and other	**14,887**	(25,801)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**245,244**	69,680
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in property and equipment	**(46,098)**	(32,176)
Investment in intangible assets	**(3,113)**	(1,212)
Contributions to equity method investments	**(2,150)**	(4,620)
Distributions and sale proceeds from equity method investments	**15,554**	3,362
Purchases of investments, employee benefit plans	**(1,279)**	(2,254)
Proceeds from sales of investments, employee benefit plans	**2,487**	2,372

Purchase/issuance of notes receivable	**(17,918)**	(9,845)
Collection of notes receivable	**63**	5,113
Proceeds from sale of tax credits	**—**	9,197
Other items, net	**(115)**	(473)
NET CASH USED IN INVESTING ACTIVITIES	**(52,569)**	(30,536)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings pursuant to revolving credit facilities	**—**	(18,200)
Proceeds from issuance of term loan	**—**	249,500
Proceeds from issuance of 2020 senior notes	**—**	447,723
Principal payments on long-term debt	**—**	(466,915)
Purchases of treasury stock	**(10,039)**	(55,158)
Dividends paid	**(12,528)**	(25,274)
Payments to extinguish long-term debt	**—**	(14,347)
Debt issuance costs	**(365)**	(4,620)
Proceeds from exercise of stock options	**10,817**	6,615
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	**(12,115)**	119,324
Net change in cash and cash equivalents	**180,560**	158,468
Effect of foreign exchange rate changes on cash and cash equivalents	**(223)**	(267)
Cash and cash equivalents at beginning of period	**234,779**	33,766
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**$ 415,116**	$ 191,967

CHOICE HOTELS INTERNATIONAL, INC. AND SUBSIDIARIES

SUPPLEMENTAL OPERATING INFORMATION

DOMESTIC HOTEL SYSTEM

(UNAUDITED)

For the Nine Months Ended September 30, 2021			For the Nine Months Ended September 30, 2020			Chang	
Average Daily Rate	**Occupancy**	**RevPAR**	Average Daily Rate	Occupancy	RevPAR	Average Daily Rate	Occup

Comfort[1]	**$ 97.74**	**60.8%**	**$ 59.40**	$ 85.22	46.2%	$ 39.40	14.7%	1,460
Sleep	**86.39**	**59.6%**	**51.45**	77.36	46.5%	35.98	11.7%	1,310
Quality	**83.94**	**54.5%**	**45.77**	73.23	42.1%	30.81	14.6%	1,240
Clarion[2]	**87.91**	**43.8%**	**38.52**	74.79	33.3%	24.93	17.5%	1,050
Econo Lodge	**68.35**	**51.1%**	**34.94**	59.66	41.2%	24.56	14.6%	990
Rodeway	**68.20**	**52.0%**	**35.48**	60.15	44.0%	26.45	13.4%	800
WoodSpring Suites	**50.83**	**81.9%**	**41.63**	46.14	72.0%	33.24	10.2%	990
MainStay	**79.84**	**62.8%**	**50.15**	77.38	55.1%	42.61	3.2%	770
Suburban	**54.49**	**71.5%**	**38.95**	52.14	63.7%	33.21	4.5%	780
Cambria Hotels	**129.62**	**55.1%**	**71.44**	116.78	38.3%	44.78	11.0%	1,680
Ascend Hotel Collection	**138.31**	**54.4%**	**75.28**	120.21	43.9%	52.72	15.1%	1,050
Total	**$ 83.70**	**58.2%**	**$ 48.71**	$ 72.71	45.9%	$ 33.36	15.1%	1,230

	For the Three Months Ended September 30, 2021			For the Three Months Ended September 30, 2020			Chang	
	Average Daily Rate	**Occupancy**	**RevPAR**	Average Daily Rate	Occupancy	RevPAR	Average Daily Rate	Occup
Comfort[1]	**$ 110.72**	**67.8%**	**$ 75.03**	$ 86.80	53.3%	$ 46.24	27.6%	1,450
Sleep	**95.70**	**66.4%**	**63.55**	78.07	52.4%	40.89	22.6%	1,400
Quality	**94.48**	**62.2%**	**58.76**	76.57	48.7%	37.25	23.4%	1,350
Clarion[2]	**101.17**	**51.9%**	**52.47**	78.58	37.3%	29.29	28.7%	1,460
Econo Lodge	**76.51**	**57.1%**	**43.66**	63.66	47.2%	30.03	20.2%	990
Rodeway	**76.21**	**56.9%**	**43.37**	63.02	50.2%	31.62	20.9%	670
WoodSpring Suites	**54.11**	**85.5%**	**46.26**	46.41	76.5%	35.50	16.6%	900
MainStay	**87.15**	**69.1%**	**60.18**	79.23	62.4%	49.43	10.0%	670
Suburban	**59.26**	**73.5%**	**43.54**	51.46	68.3%	35.14	15.2%	520
Cambria Hotels	**148.85**	**62.2%**	**94.15**	110.04	41.3%	45.44	35.3%	2,090
Ascend Hotel Collection	**158.37**	**63.3%**	**98.50**	126.71	51.1%	64.80	25.0%	1,220
Total	**$ 94.59**	**64.9%**	**$ 61.37**	$ 75.29	52.1%	$ 39.24	25.6%	1,280

Effective Royalty Rate

	For the Quarter Ended	**For the Nine Months Ended**

	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
System-wide[3]	**4.99%**	4.91%	**5.00%**	4.93%

[1] Includes Comfort family of brand extensions including Comfort and Comfort Suites

[2] Includes Clarion family of brand extensions including Clarion and Clarion Pointe

[3] Includes United States and Caribbean countries and territories

CHOICE HOTELS INTERNATIONAL, INC. AND SUBSIDIARIES

SUPPLEMENTAL OPERATING INFORMATION

DOMESTIC HOTEL SYSTEM

(UNAUDITED)

	For the Nine Months Ended September 30, 2021			For the Nine Months Ended September 30, 2019			Chan	
	Average Daily Rate	**Occupancy**	**RevPAR**	Average Daily Rate	Occupancy	RevPAR	Average Daily Rate	Occu
Comfort[1]	**$ 97.74**	**60.8%**	**$ 59.40**	$ 97.39	63.9%	$ 62.25	0.4%	(31
Sleep	**86.39**	**59.6%**	**51.45**	86.50	63.0%	54.48	(0.1)%	(34
Quality	**83.94**	**54.5%**	**45.77**	81.51	55.9%	45.55	3.0%	(14
Clarion[2]	**87.91**	**43.8%**	**38.52**	86.31	51.3%	44.32	1.9%	(75
Econo Lodge	**68.35**	**51.1%**	**34.94**	64.75	49.1%	31.77	5.6%	20
Rodeway	**68.20**	**52.0%**	**35.48**	65.29	50.4%	32.89	4.5%	16
WoodSpring Suites	**50.83**	**81.9%**	**41.63**	47.34	76.9%	36.40	7.4%	50
MainStay	**79.84**	**62.8%**	**50.15**	86.38	65.8%	56.86	(7.6)%	(30
Suburban	**54.49**	**71.5%**	**38.95**	58.36	68.9%	40.18	(6.6)%	26
Cambria Hotels	**129.62**	**55.1%**	**71.44**	145.08	69.5%	100.88	(10.7)%	(1,44
Ascend Hotel Collection	**138.31**	**54.4%**	**75.28**	126.66	62.7%	79.41	9.2%	(83
Total	**$ 83.70**	**58.2%**	**$ 48.71**	$ 83.07	59.3%	$ 49.26	0.8%	(11

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2019	Chan

	Average Daily Rate	Occupancy	RevPAR	Average Daily Rate	Occupancy	RevPAR	Average Daily Rate	Occu
Comfort[1]	**$ 110.72**	**67.8%**	**$ 75.03**	$ 101.48	68.4%	$ 69.38	9.1%	(6(
Sleep	**95.70**	**66.4%**	**63.55**	88.32	66.4%	58.62	8.4%	(
Quality	**94.48**	**62.2%**	**58.76**	85.60	60.6%	51.87	10.4%	16(
Clarion[2]	**101.17**	**51.9%**	**52.47**	91.80	55.7%	51.16	10.2%	(38(
Econo Lodge	**76.51**	**57.1%**	**43.66**	68.67	53.3%	36.60	11.4%	38(
Rodeway	**76.21**	**56.9%**	**43.37**	68.98	54.3%	37.45	10.5%	26(
WoodSpring Suites	**54.11**	**85.5%**	**46.26**	48.69	77.4%	37.67	11.1%	81(
MainStay	**87.15**	**69.1%**	**60.18**	88.05	70.5%	62.07	(1.0)%	(14(
Suburban	**59.26**	**73.5%**	**43.54**	57.55	67.9%	39.11	3.0%	56(
Cambria Hotels	**148.85**	**62.2%**	**94.15**	145.78	72.0%	104.95	2.1%	(98(
Ascend Hotel Collection	**158.37**	**63.3%**	**98.50**	135.09	67.6%	91.29	17.2%	(43(
Total	**$ 94.59**	**64.9%**	**$ 61.37**	$ 86.95	63.4%	$ 55.10	8.8%	15(

Effective Royalty Rate

	For the Quarter Ended		For the Nine Months Ended	
	September 30, 2021	September 30, 2019	**September 30, 2021**	September 30, 2019
System-wide[3]	**4.99%**	4.84%	**5.00%**	4.84%

[1] Includes Comfort family of brand extensions including Comfort and Comfort Suites

[2] Includes Clarion family of brand extensions including Clarion and Clarion Pointe

[3] Includes United States and Caribbean countries and territories

Exhibit 6

CHOICE HOTELS INTERNATIONAL, INC. AND SUBSIDIARIES

SUPPLEMENTAL HOTEL AND ROOM SUPPLY DATA

(UNAUDITED)

September 30, 2021		September 30, 2020		Variance			
Hotels	**Rooms**	Hotels	Rooms	Hotels	Rooms	%	%

Comfort[1]	**1,665**	**131,066**	1,629	128,213	36	2,853	2.2%	2.2%
Sleep	**414**	**29,167**	403	28,534	11	633	2.7%	2.2%
Quality	**1,666**	**125,061**	1,688	128,751	(22)	(3,690)	(1.3)%	(2.9)%
Clarion[2]	**183**	**21,917**	179	22,364	4	(447)	2.2%	(2.0)%
Econo Lodge	**734**	**44,112**	781	47,036	(47)	(2,924)	(6.0)%	(6.2)%
Rodeway	**531**	**30,657**	567	32,251	(36)	(1,594)	(6.3)%	(4.9)%
WoodSpring Suites	**300**	**36,112**	285	34,290	15	1,822	5.3%	5.3%
MainStay	**97**	**6,780**	74	4,673	23	2,107	31.1%	45.1%
Suburban	**70**	**6,366**	62	6,236	8	130	12.9%	2.1%
Cambria Hotels	**58**	**8,060**	53	7,599	5	461	9.4%	6.1%
Ascend Hotel Collection	**224**	**28,175**	213	22,192	11	5,983	5.2%	27.0%
Domestic Franchises[3]	**5,942**	**467,473**	5,934	462,139	8	5,334	0.1%	1.2%
International Franchises	**1,160**	**134,303**	1,192	134,316	(32)	(13)	(2.7)%	—%
Total Franchises	**7,102**	**601,776**	7,126	596,455	(24)	5,321	(0.3)%	0.9%

(1) Includes Comfort family of brand extensions including Comfort and Comfort Suites

(2) Includes Clarion family of brand extensions including Clarion and Clarion Pointe

(3) Includes United States and Caribbean countries and territories

Exhibit 7

CHOICE HOTELS INTERNATIONAL, INC. AND SUBSIDIARIES

SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION

(UNAUDITED)

REVENUES, EXCLUDING MARKETING AND RESERVATION ACTIVITIES

(dollar amounts in thousands)	**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
	2021	2020	**2021**	2020
Revenues, Excluding Marketing and Reservation Activities				
Total Revenues	**$ 323,369**	$ 210,771	**$ 784,660**	$ 580,679
Adjustments:				
Marketing and reservation system revenues	**(156,871)**	(107,141)	**(384,380)**	(297,203)

Revenues, excluding marketing and reservation activities	**$ 166,498**	$ 103,630	**$ 400,280**	$ 283,476

ADJUSTED SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

(dollar amounts in thousands)	**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
	2021	2020	**2021**	2020
Total Selling, General and Administrative Expenses	**$ 35,110**	$ 31,779	**$ 99,847**	$ 104,098
Mark to market adjustments on non-qualified retirement plan investments	**61**	(1,709)	**(3,402)**	(928)
Operational restructuring charges	**—**	(128)	**(724)**	(8,646)
Share-based compensation	**(3,016)**	(1,765)	**(8,399)**	(1,624)
Exceptional allowances attributable to COVID-19	**(989)**	(1,285)	**(3,087)**	(3,963)
Expenses associated with legal claims	**(3,000)**	—	**(3,000)**	—
Adjusted Selling, General and Administrative Expenses	**$ 28,166**	$ 26,892	**$ 81,235**	$ 88,937

ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION ("EBITDA") AND ADJUSTED EBITDA MARGINS

(dollar amounts in thousands)	**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
	2021	2020	**2021**	2020
Net income	**$ 116,655**	$ 14,500	**$ 224,874**	$ 67,522
Income tax expense (benefit)	**34,934**	9,594	**67,279**	(15,907)
Interest expense	**11,638**	12,691	**35,106**	37,153
Interest income	**(1,202)**	(1,744)	**(3,717)**	(6,277)
Other (gains) losses	**407**	(2,030)	**(2,906)**	(858)
Loss on extinguishment of debt	**—**	15,958	**—**	16,565
Equity in operating net loss of affiliates, net of impairments	**957**	1,731	**3,547**	7,172
Loss on impairment of unconsolidated joint venture	**—**	—	**4,805**	—
Gain on sale of unconsolidated joint venture	**(4,283)**	—	**(6,860)**	—
Depreciation and amortization	**5,883**	6,382	**18,477**	19,309
Loss on impairment of assets	**—**	4,290	**—**	5,516
Mark to market adjustments on non-qualified retirement plan investments	**(61)**	1,709	**3,402**	928
Operational restructuring charges	**—**	128	**724**	8,646
Share-based compensation	**3,016**	1,765	**8,399**	1,624
Exceptional allowances attributable to COVID-19	**989**	1,285	**3,087**	3,963

Expenses associated with legal claims	**3,000**	—	**3,000**	—
Marketing and reservation system reimbursable (surplus) deficit	**(40,655)**	6,667	**(56,706)**	36,361
Franchise agreement acquisition costs amortization	**1,961**	1,582	**5,534**	4,759
Adjusted EBITDA	**$ 133,239**	$ 74,508	**$ 308,045**	$ 186,476
Revenues, excluding marketing and reservation activities	**$ 166,498**	$ 103,630	**$ 400,280**	$ 283,476
Adjusted EBITDA margins	**80.0%**	71.9%	**77.0%**	65.8%

ADJUSTED NET INCOME AND ADJUSTED DILUTED EARNINGS PER SHARE (EPS)

(dollar amounts in thousands, except per share amounts)	**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
	2021	2020	**2021**	2020
Net income	**$ 116,655**	$ 14,500	**$ 224,874**	$ 67,522
Adjustments:				
Loss on sale and disposition & impairment of assets, net	**—**	3,123	**—**	4,087
Loss on impairment of unconsolidated joint venture	**—**	—	**3,647**	—
Loss on extinguishment of debt	**—**	11,617	**—**	12,275
Gain on sale of unconsolidated joint venture	**(3,276)**	—	**(5,207)**	—
Operational restructuring costs	**—**	97	**550**	6,392
Exceptional allowances attributable to COVID-19	**757**	651	**2,343**	2,937
Expenses associated with legal claims	**2,295**	—	**2,277**	—
Sale of tax credits on historic building	**—**	(1,688)	—	(1,857)
Marketing and reservation system reimbursable (surplus) deficit	**(31,286)**	3,376	**(43,635)**	28,431
Foreign tax benefit on international restructuring	**—**	5,118	**—**	(25,454)
Adjusted Net Income	**$ 85,145**	$ 36,794	**$ 184,849**	$ 94,333
Diluted Earnings Per Share	**$ 2.08**	$ 0.26	**$ 4.01**	$ 1.21
Adjustments:				
Loss on sale and disposition & impairment of assets, net	**—**	0.06	**—**	0.07
Loss on impairment of unconsolidated joint venture	**—**	—	**0.07**	—
Loss on extinguishment of debt	**—**	0.21	**—**	0.22
Gain on sale of unconsolidated joint venture	**(0.06)**	—	**(0.09)**	—
Operational restructuring costs	**—**	—	**0.01**	0.12

Exceptional allowances attributable to COVID-19	**0.01**	0.01	**0.04**	0.05
Expenses associated with legal claims	**0.04**	—	**0.04**	—
Sale of tax credits on historic building	**—**	(0.03)	—	(0.03)
Marketing and reservation system reimbursable (surplus) deficit	**(0.56)**	0.06	**(0.78)**	0.51
Foreign tax benefit on international restructuring	**—**	0.09	**—**	(0.46)
Adjusted Diluted Earnings Per Share (EPS)	**$ 1.51**	$ 0.66	**$ 3.30**	$ 1.69

Exhibit 8

CHOICE HOTELS INTERNATIONAL, INC. AND SUBSIDIARIES

SUPPLEMENTAL INFORMATION - 2021 OUTLOOK

(UNAUDITED)

Guidance represents the midpoint of the company's range of estimated outcomes for the year ended December 31, 2021

ADJUSTED EBITDA FULL YEAR FORECAST

(dollar amounts in thousands)	**Midpoint 2021 Guidance**
Net income	$ 255,600
Income tax (benefit) expense	76,900
Interest expense	46,400
Interest income	(4,900)
Other losses (gains)	(2,600)
Equity in operating net loss of affiliates, net of impairments	4,300
Gain on sale of unconsolidated joint venture	(6,900)
Loss on impairment of unconsolidated joint venture	4,800
Depreciation and amortization	24,600
Mark to market adjustments on non-qualified retirement plan investments	3,400
Operational restructuring charges	700
Share-based compensation	11,400
Exceptional allowances attributable to COVID-19	3,100
Expenses associated with legal claims	3,000
Marketing and reservation system reimbursable surplus	(42,600)

Franchise agreement acquisition costs amortization		7,300
Adjusted EBITDA	**$**	**384,500**

SOURCE Choice Hotels International, Inc.

For further information: Scott Oaksmith, Senior Vice President, Real Estate and Finance; Allie Summers, Director, Executive Reporting and Investor Relations; IR@choicehotels.com

Additional assets available online: Photos (1)