Filed by Choice Hotels International, Inc.
Pursuant to Rule 425 under the Securities Act of 1933
and deemed filed pursuant to Rule 14a-12
under the Securities Exchange Act of 1934
Subject Company: Wyndham Hotels & Resorts, Inc.
(Commission File No. 001-38432)

Choice Hotels International, Inc. ("Choice") disseminated the following communications on November 7, 2023, relating to the announcement of Choice's earnings for the quarter ended September 30, 2023.

Exhibit 1.1: Press Release issued on November 7, 2023, and filed as Exhibit 99.1 to Choice's Current Report on Form 8-K with the U.S. Securities and Exchange Commission on November 7, 2023.

Exhibit 1.2: Transcript of call held on November 7, 2023, announcing earnings for the quarter ended September 30, 2023.

Exhibit 1.3: Copy of Third Quarter 2023 Investor Presentation.

CHOICE HOTELS INTERNATIONAL REPORTS THIRD QUARTER 2023 RESULTS

Raises Full-year 2023 Financial Guidance
Grows Global Rooms Pipeline Sequentially 6% Including 27% Increase for Conversion Hotels
Returns $550 Million to Shareholders Last Twelve Months

ROCKVILLE, Md., November 7, 2023 – Choice Hotels International, Inc. (NYSE: CHH), one of the world's largest lodging franchisors, today reported its third quarter 2023 results.

"We generated another record quarter of impressive financial growth, driven by ourbest-in-class business delivery engine, the successful integration of Radisson Americas, and organic growth of our brand portfolio focused on hotels that generate higher royalties per unit," said Patrick Pacious, President and Chief Executive Officer of Choice Hotels. "We believe we are well-positioned to effectively grow our business in the current hotel development environment with a superior hotel conversion capability. We will continue to execute our robust organic earnings growth strategy and pursue inorganic growth to drive long-term shareholder value."

Mr. Pacious continued, "At its core, our proposed combination with Wyndham is about the natural fit of the two companies coming together to accelerate value creation for all stakeholders. We made our proposal public so that all groups could evaluate its benefits. For Wyndham shareholders, we provide a substantial premium and immediate value for their shares with participation in the future value of the combined entity. For Wyndham franchisees, we provide a proven model to lower costs and increase direct revenue to their hotels. We urge the Wyndham Board of Directors to resume discussions for the benefit of both companies' franchisees, shareholders, associates, and guests."

Highlights of third quarter 2023 results include:[1]

- Total revenues were $425.6 million for third quarter 2023, a third quarter record and a 3% increase compared to the same period of 2022.
- Total revenues, excluding reimbursable revenue from franchised and managed properties, increased 9% to $219.6 million for third quarter 2023 compared to the same period of 2022.
- Net income was $92.0 million for third quarter 2023, representing diluted earnings per share (EPS) of $1.81. As a result ofone-time items, including Radisson Hotels Americas integration costs, gains from the sale of the Cambria Hotel Nashville owned asset and extraordinary franchisee termination fees in third quarter 2022, and the timing of net reimbursable expenses, net income and diluted EPS were 11% and 2% lower, respectively, for third quarter 2023 compared to the same period of 2022.
- Third quarter 2023 adjusted net income, excluding certain items described in Exhibit 6, increased 6% to $92.4 million compared to the same period of 2022, and adjusted diluted EPS increased 17% to $1.82 compared to the same period of 2022.
- Adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) for third quarter 2023 grew to $155.9 million, a third quarter record and a 12% increase compared to the same period of 2022.
- Global rooms pipeline as of September 30, 2023 increased 6% to over 99,000 rooms from June 30, 2023. Global rooms pipeline for conversion rooms increased 11% from September 30, 2022 and 27% from June 30, 2023.
- Expanded international pipeline as of September 30, 2023, nearly doubling rooms count from September 30, 2022, inclusive of over 30 properties representing approximately 6,000 rooms associated with the company's strategic alliance with one of the largest hotel operators in Mexico known for its portfolio of upscale, upper-upscale, luxury hotels and resorts in Mexico and the Caribbean.
- Achieved $84 million of annual recurring synergies through the integration of Radisson Hotels Americas, exceeding prior target by 5%.
- The company raised its financial guidance for full-year 2023.

1 For comparative purposes, domestic RevPAR and the effective royalty rate assume the Radisson Hotels Americas brands were acquired on January 1, 2022.

Financial Performance

- Platform and procurement services fees increased 8% to $15.5 million for third quarter 2023 compared to the same period of 2022.
- Royalty, licensing, and management fees increased 3% to $148.5 million for third quarter 2023 compared to the same period of 2022. Excluding the one-time exit of the 110 Woodspring Suites hotels in third quarter 2022, royalty, licensing, and management fees for third quarter increased 6% compared to the same period of 2022.
- Domestic revenue per available room (RevPAR) decreased 80 basis points and increased 140 basis points for the three and nine-month periods ended September 30, 2023, respectively, compared to the same periods of 2022. The company's third quarter average daily rate increased 1.3% compared to the same period of 2022 while occupancy reached 62%.
- Domestic effective royalty rate for both the three-month and nine-month periods ended September 30, 2023 increased 6 basis points to 4.99% compared to the respective 2022 periods.

Development

- The company executed an average of more than four hotel openings per week, for a total of 159 hotel openingsyear-to-date through September 30, 2023, a 24% increase compared to the same period of 2022. For the first nine months of 2023, the company grew hotel openings across all segments, increasing openings in the upscale segment by 50%, the extended stay segment by 38%, the midscale segment by 14%, and the economy segment by 27% compared to the same period of 2022.
- Of the total domestic franchise agreements awarded in the nine months ended September 30, 2023, 84% were for the company's upscale, extended stay, and midscale brands, and 72% were for conversion hotels. Of the domestic franchise agreements awarded for conversion hotels in the nine months ended September 30, 2023, 67% have already opened or are expected to open by December 31, 2023.
- Domestic upscale and extended-stay portfolio grew by 11% and 13%, respectively, since September 30, 2022, driven by an increase in the number of Cambria Hotels, Ascend Hotel Collection, WoodSpring Suites, MainStay Suites, and Suburban Studios units. The company's total domestic system size was over 6,200 hotels and 490,000 rooms as of September 30, 2023.
- The total number of international upscale hotels, as of September 30, 2023, increased 13% from September 30, 2022. The company's total international system size approached 1,200 hotels as of September 30, 2023.
- The extended stay domestic pipeline increased 12% to over 47,000 rooms from September 30, 2022. Domestic pipeline reached nearly 86,000 rooms as of September 30, 2023.

Shareholder Returns

During the nine months ended September 30, 2023, the company paid cash dividends of $42.1 million and $54.8 million over the trailing twelve months ended September 30, 2023.

During the nine months ended September 30, 2023, the company repurchased 2.5 million shares of common stock for $306.9 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. Over the trailing twelve months ended September 30, 2023, the company repurchased 4.1 million shares of common stock totaling $495.2 million, representing nearly 8% of the shares outstanding as of September 30, 2022.

As of September 30, 2023, the company had 2.3 million shares of common stock remaining under the current share repurchase authorization.

Outlook

The outlook information provided below is inclusive of the Radisson Hotels Americas acquisition, which was completed in August 2022, and includes forward-looking non-GAAP financial measures, which management uses in measuring performance. The adjusted numbers in the company's outlook below exclude the net surplus or deficit generated from reimbursable revenue from franchised and managed properties, due diligence and transition costs, and other items:

	Full-Year 2023	Prior Outlook
Net Income	$259 – $264 million	$251 – $259 million
Adjusted Net Income	$302 – $308 million	$298 – $306 million
Adjusted EBITDA	$535 – $540 million	$530 – $540 million
Adjusted Diluted EPS	$ 5.95 – $6.03	$ 5.86 – $6.01
Effective Income Tax Rate	24%	24%

	Full-Year 2023 vs. Full-Year 2022	Prior Outlook
Domestic RevPAR Growth2	Approximately 1%	Approximately 2%
Domestic Effective Royalty Rate Growth3	Mid-single digits	Mid-single digits
Domestic Net Unit Growth (upscale, extended stay, and midscale segments)	Approximately 1%	Approximately 1%

Proposed Transaction with Wyndham Resorts & Hotels

On October 17, 2023, Choice Hotels made public its highly compelling proposal to acquire all outstanding shares of Wyndham Resorts & Hotels at an implied value of $90.00 per share, payable in a mix of cash and stock. The proposal represented a 14.9x multiple of Wyndham's consensus 2023 EBITDA, a forward multiple that Wyndham has never achieved absent COVID disruptions. The offer represents a meaningful premium for Wyndham shareholders, while also providing the opportunity for further upside through shared value creation.

A combination of Choice and Wyndham creates a premier hotel franchising company that would bring Choice's proven franchisee success system to a broader set of owners. With an asset-light, fee-for-service model, the combined company would generate predictable, high free cash flow, and impressive returns, providing resiliency through all economic cycles. The combination is expected to generate approximately $150 million in annual run-rate synergies through rationalization of operational redundancies, duplicate public company costs, and topline growth potential. The $150 million synergy opportunity is expected to translate into more than $2 billion in incremental shareholder value.

Choice's management team has a strong history in maximizing value to shareholders through organic growth and acquisitions, delivering market leading revenue and adjusted EBITDA growth. We believe this growth will continue going forward, demonstrated by our forecasted adjusted EBITDA growth in 2024 and today's upward revision in our 2023 financial guidance. The proposed transaction creates additional capacity to further support Choice's distinct strategy focused on hotels that generate higher royalties per unit, ultimately helping drive growth across its organic revenue levers.

Choice has attempted to engage with Wyndham for nearly six months and urges Wyndham's Board of Directors to resume discussions toward reaching an agreement for the benefit of all stakeholders. The company's correspondence with Wyndham is available on www.createvaluewithchoice.com.

Webcast and Conference Call

Choice Hotels International will conduct a live webcast to discuss the company's third quarter 2023 earnings results on November 7, 2023, at 10:00 a.m. on the company's investor relations website, http://investor.choicehotels.com/, accessible via the Events and Presentations tab.

A conference call will also be available. Thedial-in number to listen to the call domestically is (888)259-6580 and the number for international participants is (416) 764-8624 and use conference ID 97784102.

A replay and transcript of the event will be available on the company's investor relations website within 24 hours at https://investor.choicehotels.com/events-and-presentations/.

About Choice Hotels®

Choice Hotels International, Inc. (NYSE: CHH) is one of the largest lodging franchisors in the world, with nearly 7,500 hotels, representing nearly 630,000 rooms, in 46 countries and territories as of September 30, 2023. A diverse portfolio of 22 brands that run the gamut from full-service, upper upscale properties to midscale, extended stay, and economy enables Choice® to meet travelers' needs in more places and for more occasions while driving more value for franchise owners and shareholders. The award-winning Choice Privileges® loyalty program and co-brand credit card options provide members with a fast and easy way to earn reward nights and personalized perks. For more information, visit www.choicehotels.com.

2 For comparative purposes, domestic RevPAR baseline for full-year 2022 is inclusive of the Radisson Hotels Americas acquisition.

3 For comparative purposes, the domestic effective royalty rate 4.93% baseline for full-year 2022 is inclusive of the Radisson Hotels Americas acquisition.

Forward-looking Statements

Information set forth herein includes "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 include, but are not limited to, the ultimate outcome of any possible transaction between Choice and Wyndham (including the possibility that the parties will not agree to pursue a business combination transaction or that the terms of any definitive agreement will be materially different from those described herein); uncertainties as to whether Wyndham will cooperate with Choice regarding the proposed transaction; Choice's ability to consummate the proposed transaction with Wyndham; the conditions to the completion of the proposed transaction, including the receipt of any required shareholder approvals and any required regulatory approvals; Choice's ability to finance the proposed transaction with Wyndham; Choice's indebtedness, including the substantial indebtedness Choice expects to incur in connection with the proposed transaction with Wyndham and the need to generate sufficient cash flows to service and repay such debt; the possibility that Choice may be unable to achieve expected synergies and operating efficiencies within the expected timeframes or at all and to successfully integrate Wyndham's operations with those of Choice, including the Choice loyalty program; the possibility that Choice may be unable to achieve the benefits of the proposed transaction for its franchisees, associates, investors and guests within the expected timeframes or at all, including that such integration may be more difficult, time-consuming or costly than expected; that operating costs and business disruption (without limitation, difficulties in maintaining relationships with associates, guests or franchisees) may be greater than expected following the proposed transaction or the public announcement of the proposed transaction; and that the retention of certain key employees may be difficult. 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, and the company's liquidity, 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, changes to general, domestic and foreign economic conditions, including access to liquidity and capital; 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; changes in consumer demand and confidence, including consumer discretionary spending and the demand for travel, transient and group business; the timing and amount of future dividends and share repurchases; future domestic or global outbreaks of epidemics, pandemics or contagious diseases or fear of such outbreaks, including any resurgence of the COVID-19 pandemic, and the related impact on the global hospitality industry, particularly but not exclusively the U.S. travel market; changes in law and regulation applicable to the travel, lodging or franchising industries, including with respect to the status of our 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 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; the impact of inflation; cyber security and data breach risks; climate change and sustainability related concerns; ownership and financing activities; hotel closures or financial difficulties of our franchisees; operating risks associated with our international operations; labor shortages; the outcome of litigation; 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; and developments with respect to our proposal to acquire Wyndham Hotels & Resorts, Inc. 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, as applicable, our Quarter Reports on Form10-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 and Other Definitions

The company evaluates its operations utilizing the performance metrics of adjusted EBITDA, 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 6, 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, 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, performance under limited debt payment guaranties 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: Adjusted SG&A and adjusted EBITDA 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. 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.

Occupancy: Occupancy represents the total number of room nights sold divided by the total number of room nights available at a hotel for a given period. Occupancy measures the utilization of the hotels' available capacity. Management uses occupancy to gauge demand at a specific hotel or group of hotels in a given period. The company calculates occupancy based on information as reported by its franchisees. To accurately reflect occupancy, the company may revise its prior years' operating statistics for the most current information provided.

Average Daily Rate (ADR): ADR represents hotel room revenue divided by the total number of room nights sold for a given period. ADR measures the average room price attained by a hotel and ADR trends provide useful information concerning the pricing environment and the nature of the customer base of a hotel or group of hotels. ADR is a commonly used performance measure in the industry, and management uses ADR to assess pricing levels that the company is able to generate. The company calculates ADR based on information as reported by its franchisees. To accurately reflect ADR, the company may revise its prior years' operating statistics for the most current information provided.

RevPAR: RevPAR is calculated by dividing hotel room revenue by the total number of room nights available to guests for a given period. Management considers RevPAR to be a meaningful indicator of hotel performance and therefore company royalty and system revenues as it provides a metric correlated to the two key drivers of operations at a hotel: occupancy and ADR. The company calculates RevPAR based on information as reported by its franchisees. To accurately reflect RevPAR, the company may revise its prior years' operating statistics for the most current information provided. RevPAR is also a useful indicator in measuring performance over comparable periods.

Pipeline: Pipeline is defined as hotels awaiting conversion, under construction or approved for development, and master development agreements committing owners to future franchise development.

Additional Information

This communication does not constitute an offer to buy or solicitation of an offer to sell any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended. This communication relates to a proposal that Choice has made for a business combination transaction with Wyndham. In furtherance of this proposal and subject to future developments, Choice (and, if applicable, Wyndham) may file one or more registration statements, proxy statements, tender or exchange offers or other documents with the Securities and Exchange Commission (the "SEC"). This communication is not a substitute for any proxy statement, registration statement, tender or exchange offer document, prospectus or other document Choice and/or Wyndham may file with the SEC in connection with the proposed transaction.

Investors and security holders of Choice and Wyndham are urged to read the proxy statement(s), registration statement, tender or exchange offer document, prospectus and/or other documents filed with the SEC carefully in their entirety if and when they become available as they will contain important information about the proposed transaction. Any definitive proxy statement(s) or prospectus(es) (if and when available) will be mailed to shareholders of Choice and/or Wyndham, as applicable. Investors and security holders will be able to obtain free copies of these documents (if and when available) and other documents filed with the SEC by Choice through the web site maintained by the SEC at www.sec.gov, and by visiting Choice's investor relations site at www.investor.choicehotels.com.

This communication is neither a solicitation of a proxy nor a substitute for any proxy statement or other filings that may be made with the SEC. Nonetheless, Choice and its directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. You can find information about Choice's executive officers and directors in the Annual Report on Form 10-K for the year ended December 31, 2022 filed by Choice with the SEC on March 1, 2023. Additional information regarding the interests of such potential participants will be included in one or more registration statements, proxy statements, tender or exchange offer documents or other documents filed with the SEC if and when they become available. These documents (if and when available) may be obtained free of charge from the SEC's website at www.sec.gov and by visiting Choice's investor relations site at www.investor.choicehotels.com.

Contacts

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Exhibit 1

Choice Hotels International, Inc.
Condensed Consolidated Statements of Income
(Unaudited)

(In thousands, except per share amounts)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	2022	Variance $	Variance %	2023	2022	Variance $	Variance %
REVENUES								
Royalty, licensing and management fees	$148,512	$144,020	$ 4,492	3%	$ 396,503	$ 356,208	$ 40,295	11%
Initial franchise fees	6,194	7,011	(817)	(12)%	21,240	21,635	(395)	(2)%
Platform and procurement services fees	15,542	14,401	1,141	8%	58,186	47,887	10,299	22%
Owned hotels	26,239	19,992	6,247	31%	74,075	49,220	24,855	50%
Other	11,436	31,432	(19,996)	(64)%	33,211	51,588	(18,377)	(36)%
Other revenues from franchised and managed properties	217,634	197,410	20,224	10%	602,554	513,429	89,125	17%
Total revenues	425,557	414,266	11,291	3%	1,185,769	1,039,967	255,307	14%
OPERATING EXPENSES								
Selling, general and administrative	54,913	70,202	(15,289)	(22)%	182,000	144,414	37,586	26%
Depreciation and amortization	9,633	8,726	907	10%	29,468	20,436	9,032	44%
Owned hotels	18,628	13,158	5,470	42%	53,924	32,004	21,920	68%
Other expenses from franchised and managed properties	207,341	190,541	16,800	9%	583,095	458,037	125,058	27%
Total operating expenses	290,515	282,627	7,888	3%	848,487	654,891	193,596	30%
Gain on sale of business and assets, net	—	13,379	(13,379)	(100)%	—	16,688	(16,688)	(100)%
Operating income	135,042	145,018	(9,976)	(7)%	337,282	401,764	45,023	(16)%
OTHER INCOME AND EXPENSES, NET								
Interest expense	16,168	9,362	6,806	73%	46,522	32,084	14,438	45%
Interest income	(1,897)	(2,348)	451	(19)%	(5,836)	(5,256)	(580)	11%
Other loss (gain)	1,343	2,303	(960)	(42)%	(2,752)	9,578	(12,330)	(129)%
Equity in net gain of affiliates	(1,801)	(1,075)	(726)	68%	(1,923)	(1,279)	(644)	50%
Total other income and expenses, net	13,813	8,242	5,571	68%	36,011	35,127	884	3%
Income before income taxes	121,229	136,776	(15,547)	(11)%	301,271	366,637	(65,366)	(18)%
Income tax expense	29,205	33,696	(4,491)	(13)%	71,717	89,998	(18,281)	(20)%
Net income	$ 92,024	$103,080	$(11,056)	(11)%	$ 229,554	$ 276,639	$ (47,085)	(17)%
Basic earnings per share	$ 1.83	$ 1.87	$ (0.04)	(2)%	$ 4.51	$ 4.98	$ (0.47)	(9)%
Diluted earnings per share	$ 1.81	$ 1.85	$ (0.04)	(2)%	$ 4.47	$ 4.93	$ (0.46)	(9)%

Choice Hotels International, Inc. **Exhibit 2**
Condensed Consolidated Balance Sheets
(Unaudited)
(In thousands)

	September 30, 2023	December 31, 2022
ASSETS		
Cash and cash equivalents	$ 36,432	$ 41,566
Accounts receivable, net	223,781	216,614
Other current assets	92,599	89,742
Total current assets	352,812	347,922
Property and equipment, net	469,771	427,306
Intangible assets, net	781,101	742,190
Goodwill	220,187	218,653
Notes receivable, net of allowances	49,831	55,577
Investments in affiliates	55,081	30,647
Operating lease right-of-use assets	90,474	68,985
Investments, employee benefit plans, at fair value	35,815	31,645
Other assets	177,165	179,250
Total assets	$ 2,232,237	$ 2,102,175
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	$ 124,113	$ 118,863
Accrued expenses and other current liabilities	96,523	131,410
Deferred revenue	107,802	92,695
Current portion of long-term debt	4,416	2,976
Liability for guest loyalty program	86,140	89,954
Total current liabilities	418,994	435,898
Long-term debt	1,391,272	1,200,547
Deferred revenue	135,009	134,149
Liability for guest loyalty program	44,320	47,381
Operating lease liabilities	109,746	70,994
Deferred compensation & retirement plan obligations	41,200	36,673
Other liabilities	19,283	21,873
Total liabilities	2,159,824	1,947,515
Total shareholders' equity	72,413	154,660
Total liabilities and shareholders' equity	$ 2,232,237	$ 2,102,175

Choice Hotels International, Inc. **Exhibit 3**
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(In thousands)	Nine Months Ended September 30, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 229,554	$ 276,639
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	29,468	20,436
Depreciation and amortization – marketing and reservation system	27,544	23,237
Gain on sale of business and assets, net	—	(16,688)
Franchise agreement acquisition cost amortization	14,616	11,558
Non-cash share-based compensation and other charges	34,670	28,621
Non-cash interest, investment, and affiliate (income) loss, net	(1,709)	9,135
Deferred income taxes	(4,315)	(22,402)
Equity in net (gain) loss of affiliates, less distributions received	(621)	2,451
Franchise agreement acquisition costs, net of reimbursements	(72,867)	(32,947)
Change in working capital and other	(9,150)	(34,838)
NET CASH PROVIDED BY OPERATING ACTIVITIES	247,190	265,202
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in property and equipment	(81,403)	(66,084)
Investments in intangible assets	(1,893)	(3,247)
Asset acquisitions, net of cash paid	—	(856)
Proceeds from the sale of assets and business	—	140,554
Proceeds from the termination of intangible assets	—	5,698
Business acquisitions, net of cash acquired	—	(550,431)
Contributions to investments in affiliates	(24,573)	(4,264)
Proceeds from the sale of affiliates	868	—
Purchases of investments for employee benefit plans	(3,678)	(3,719)
Proceeds from sales of investments for employee benefit plans	1,263	1,896
Issuances of notes receivable	(4,319)	(5,617)
Collections of notes receivable	9,923	701
Other items, net	547	1,708
NET CASH USED IN INVESTING ACTIVITIES	(103,265)	(483,661)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments to extinguish acquired debt	—	(55,975)
Proceeds from acquired derivative	—	1,943
Net borrowings pursuant to revolving credit facilities	191,500	315,000
Principal payments on 2012 senior notes	—	(216,571)
Debt issuance costs	(755)	(24)
Purchases of treasury stock	(304,400)	(246,530)
Proceeds from exercise of stock options	6,719	2,361
Dividends paid	(42,073)	(39,697)
NET CASH USED IN FINANCING ACTIVITIES	(149,009)	(239,493)
Net change in cash and cash equivalents	(5,084)	(457,952)
Effect of foreign exchange rate changes on cash and cash equivalents	(50)	(1,112)
Cash and cash equivalents at beginning of period	41,566	511,605
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 36,432	$ 52,541

Exhibit 4

CHOICE HOTELS INTERNATIONAL, INC.
SUPPLEMENTAL OPERATING INFORMATION
DOMESTIC HOTEL SYSTEM
(UNAUDITED)

	For the Three Months Ended September 30, 2023			For the Three Months Ended September 30, 2022			Change		
	Average Daily Rate	Occupancy	RevPAR	Average Daily Rate	Occupancy	RevPAR	Average Daily Rate	Occupancy	RevPAR
Upscale & Above(1)	$ 160.49	63.1%	$101.29	$ 157.10	62.4%	$ 98.09	2.2%	70 bps	3.3%
Midscale & Upper Midscale(2)	107.77	62.2%	67.07	107.49	63.1%	67.88	0.3%	(90) bps	(1.2)%
Extended Stay(3)	64.64	74.5%	48.18	63.83	77.5%	49.46	1.3%	(300) bps	(2.6)%
Economy(4)	77.00	51.6%	39.74	77.51	54.5%	42.25	(0.7)%	(290) bps	(5.9)%
Total(5)	$ 103.33	62.0%	$ 64.02	$ 101.99	63.3%	$ 64.53	1.3%	(130) bps	(0.8)%

	For the Nine Months Ended September 30, 2023			For the Nine Months Ended September 30, 2022			Change		
	Average Daily Rate	Occupancy	RevPAR	Average Daily Rate	Occupancy	RevPAR	Average Daily Rate	Occupancy	RevPAR
Upscale & Above(1)	$ 152.58	58.2%	$ 88.86	$ 146.91	56.7%	$ 83.26	3.9%	150 bps	6.7%
Midscale & Upper Midscale(2)	102.91	58.3%	60.02	101.47	58.7%	59.52	1.4%	(40) bps	0.8%
Extended Stay(3)	64.26	73.5%	47.23	61.85	76.9%	47.58	3.9%	(340) bps	(0.7)%
Economy(4)	72.66	49.0%	35.57	72.44	51.1%	36.99	0.3%	(210) bps	(3.8)%
Total(5)	$ 98.60	58.3%	$ 57.52	$ 95.75	59.3%	$ 56.74	3.0%	(100) bps	1.4%

Effective Royalty Rate

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
System-wide(5)	4.99%	4.93%	4.99%	4.93%

(1) Includes Cambria, Ascend, Radisson Blu, Radisson Red, Park Plaza, Radisson Individuals and Radisson brands.
(2) Includes Country, Comfort, Clarion, Sleep, Quality, Park Inn, and Radisson Inn brands.
(3) Includes WoodSpring, Mainstay, Suburban and Everhome brands.
(4) Includes Econo Lodge and Rodeway brands.
(5) Radisson Hotels Americas was acquired on August 11, 2022. To enhance comparability, ADR, Occupancy, RevPAR, and effective royalty rate reflect operating performance for the three and nine months ended September 30, 2022 as if the legacy Radisson brands were acquired on January 1, 2022.

Exhibit 5

CHOICE HOTELS INTERNATIONAL, INC.
SUPPLEMENTAL HOTEL AND ROOM SUPPLY DATA
(UNAUDITED)

	September 30, 2023		September 30, 2022		Variance			
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	%	%
Ascend Hotel Collection	231	24,955	192	20,069	39	4,886	20.3%	24.3%
Cambria Hotels	69	9,398	61	8,433	8	965	13.1%	11.4%
Radisson[1]	66	15,499	77	17,643	(11)	(2,144)	(14.3)%	(12.2)%
Comfort[2]	1,660	130,380	1,668	131,140	(8)	(760)	(0.5)%	(0.6)%
Country[3]	426	33,928	439	35,179	(13)	(1,251)	(3.0)%	(3.6)%
Clarion[4]	177	19,327	185	20,642	(8)	(1,315)	(4.3)%	(6.4)%
Quality	1,611	118,874	1,625	120,708	(14)	(1,834)	(0.9)%	(1.5)%
Sleep	425	30,005	423	29,770	2	235	0.5%	0.8%
Park Inn	4	363	4	363	—	—	0.0%	0.0%
Everhome	1	98	1	98	—	—	0.0%	0.0%
MainStay	123	8,471	113	7,843	10	628	8.8%	8.0%
WoodSpring[5]	231	27,862	206	24,890	25	2,972	12.1%	11.9%
Suburban	90	7,888	73	6,565	17	1,323	23.3%	20.2%
Econo Lodge	671	39,429	704	42,323	(33)	(2,894)	(4.7)%	(6.8)%
Rodeway	471	26,557	491	27,569	(20)	(1,012)	(4.1)%	(3.7)%
Domestic Franchises	6,256	493,034	6,262	493,235	(6)	(201)	(0.1)%	— %
International Franchises	1,207	134,660	1,196	133,947	11	713	0.9%	0.5%
Total Franchises	7,463	627,694	7,458	627,182	5	512	0.1%	0.1%

(1) Includes Radisson Blu, Radisson Red, Radisson Individuals and Radisson brands.
(2) Includes Comfort family of brand extensions including Comfort and Comfort Suites.
(3) Includes Country Inn & Suites, Park Plaza, and Radisson Inn brands.
(4) Includes Clarion family of brand extensions including Clarion and Clarion Pointe.
(5) In July 2022, the Company received notice from an ownership group of its intent to exit 110 WoodSpring properties from the Choice system, which occurred in September 2022.

Exhibit 6

CHOICE HOTELS INTERNATIONAL, INC.
SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION
(UNAUDITED)

REVENUES EXCLUDING REIMBURSABLE REVENUE FROM FRANCHISED AND MANAGED PROPERTIES AND EXTRAORDINARY TERMINATION FEES FROM FRANCHISEE

(dollar amounts in thousands)	Three Months Ended September 30, 2023		Nine Months Ended September 30, 2023	
	2023	2022	2023	2022
Total Revenues	$ 425,557	$ 414,266	$ 1,185,769	$ 1,039,967
Adjustments:				
Reimbursable revenue from franchised and managed properties	(205,965)	(190,627)	(563,391)	(506,646)
Extraordinary termination fees from franchisee	—	(22,647)	—	(22,647)
Revenues excluding reimbursable revenue from franchised and managed properties and extraordinary termination fees from franchisee	$ 219,592	$ 200,992	$ 622,378	$ 510,674

ADJUSTED SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

(dollar amounts in thousands)	Three Months Ended September 30, 2023		Nine Months Ended September 30, 2023	
	2023	2022	2023	2022
Total Selling, General and Administrative Expenses	$ 54,913	$ 70,202	$ 182,000	144,414
Mark to market adjustments on non-qualified retirement plan investments	913	1,419	(2,955)	7,979
Operational restructuring charges	(1,448)	(5,416)	(6,788)	(5,416)
Share-based compensation	(5,890)	(4,662)	(16,503)	(12,869)
Due diligence and transition costs	(9,698)	(19,496)	(25,669)	(23,557)
Limited payment guarantee charge	—	—	(1,551)	—
Adjusted Selling, General and Administrative Expenses	$ 38,790	$ 42,047	$ 128,534	$ 110,551

ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (“EBITDA”)

(dollar amounts in thousands)	Three Months Ended September 30, 2023		Nine Months Ended September 30, 2023	
	2023	2022	2023	2022
Net income	$ 92,024	$ 103,080	$ 229,554	$ 276,639
Income tax expense	29,205	33,696	71,717	89,998
Interest expense	16,168	9,362	46,522	32,084
Interest income	(1,897)	(2,348)	(5,836)	(5,256)
Other loss (gain)	1,343	2,303	(2,752)	9,578
Equity in net gain of affiliates	(1,801)	(1,075)	(1,923)	(1,279)
Gain on sale of business and assets, net	—	(13,379)	—	(16,688)
Depreciation and amortization	9,633	8,726	29,468	20,436
Mark to market adjustments on non-qualified retirement plan investments	(913)	(1,419)	2,955	(7,979)
Operational restructuring charges	1,448	5,416	6,788	5,416
Share-based compensation	5,890	4,662	16,503	12,869
Due diligence and transition costs	9,698	19,496	25,669	23,557
Extraordinary termination fees from franchisee	—	(22,647)	—	(22,647)
Limited payment guarantee charge	—	—	1,551	—
Net reimbursable surplus from franchised and managed properties	(7,889)	(8,760)	(13,150)	(57,283)
Franchise agreement acquisition costs amortization	2,972	2,262	8,368	6,620
Adjusted EBITDA	$ 155,881	$ 139,375	$ 415,434	$ 366,065

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

(dollar amounts in thousands, except per share amounts)	Three Months Ended September 30, 2023		Nine Months Ended September 30, 2023	
	2023	2022	2023	2022
Net income	$ 92,024	$ 103,080	$ 229,554	$ 276,639
Adjustments:				
Gain on sale of business and assets, net	—	(10,087)	—	(12,583)
Operational restructuring charges	1,083	4,084	5,125	4,084
Extraordinary termination fees from franchisee	—	(17,076)	—	(17,076)
Due diligence and transition costs	7,290	14,700	19,380	17,762
Limited payment guarantee charge	—	—	1,174	—
Net reimbursable surplus from franchised and managed properties	(7,975)	(7,238)	(15,525)	(43,436)
Adjusted Net Income	$ 92,422	$ 87,463	$ 239,708	$ 225,390
Diluted Earnings Per Share	$ 1.81	$ 1.85	$ 4.47	$ 4.93
Adjustments:				
Gain on sale of business and assets, net	—	(0.18)	—	(0.22)
Operational restructuring charges	0.02	0.07	0.10	0.07
Due diligence and transition costs	0.14	0.26	0.38	0.32
Extraordinary termination fees from franchisee	—	(0.31)	—	(0.30)
Limited payment guarantee charge	—	—	0.02	—

Net reimbursable surplus from franchised and managed properties	(0.15)	(0.13)	(0.30)	(0.78)
Adjusted Diluted Earnings Per Share (EPS)	$ 1.82	$ 1.56	$ 4.67	$ 4.02

Exhibit 7

CHOICE HOTELS INTERNATIONAL, INC.
SUPPLEMENTAL INFORMATION—2023 OUTLOOK
(UNAUDITED)

Guidance represents the midpoint of the company's range of estimated outcomes for the year ended December 31, 2023
ADJUSTED EBITDA FULL YEAR FORECAST

(in thousands)	Midpoint 2023 Guidance
Net income	$ 261,400
Income tax expense	81,800
Interest expense	63,300
Interest income	(7,300)
Other gain	(2,500)
Equity in net gain of affiliates	(2,200)
Depreciation and amortization	38,900
Mark to market adjustments on non-qualified retirement plan investments	3,000
Share-based compensation	21,500
Operational restructuring, due diligence and transition costs	43,100
Limited payment guarantee charge	1,600
Net reimbursable deficit from franchised and managed properties	24,000
Franchise agreement acquisition costs amortization	10,900
Adjusted EBITDA	$ 537,500

ADJUSTED NET INCOME & DILUTED EARNINGS PER SHARE (EPS) FULL YEAR FORECAST
(in thousands, except per share amounts)

	Midpoint 2023 Guidance
Net income	$ 261,400
Adjustments:	
Operational restructuring, due diligence and transition costs	32,600
Limited payment guarantee charge	1,200
Net reimbursable deficit from franchised and managed properties	10,100
Adjusted Net Income	$ 305,300
Diluted Earnings Per Share	$ 5.11
Adjustments:	
Operational restructuring, due diligence and transition costs	0.64
Limited payment guarantee charge	0.02
Net reimbursable deficit from franchised and managed properties	0.22
Adjusted Diluted Earnings Per Share (EPS)	$ 5.99

Operator

Ladies and gentlemen, thank you for standing by. Welcome to Choice Hotels International's Third Quarter 2023 Earnings Call. At this time, all lines are in a listen only mode. I will now turn the conference over to Allie Summers, Investor Relations, Senior Director for Choice Hotels.

Allie Summers, Investor Relations, Senior Director of Choice Hotels

Good morning, and thank you for joining us today.

Before we begin, we would like to remind you that during this conference call, certain predictive or forward-looking statements will be used to assist you in understanding the company and its results. Actual results may differ materially from those indicated in forward-looking statements, and you should consult the company's forms 10-Q, 10-K, and other SEC filings for information about important risk factors affecting the company that you should consider. These forward-looking statements speak as of today's date, and we undertake no obligation to publicly update them to reflect subsequent events or circumstances. You can find a reconciliation of our non-GAAP financial measures referred to in our remarks as part of our first quarter, 2023 earnings press release, which is posted on our website at choicehotels.com under the Investor Relations section.

This morning, Pat Pacious, our President and Chief Executive Officer, and Scott Oaksmith, our Chief Financial Officer, will speak to our third quarter operating results and financial performance. Joining us also today for the Q&A portion of the call is Dom Dragisich, current Executive Vice President, Operations, and Chief Global Brand Officer and former CFO. Following Pat and Scott's remarks, we'll be glad to take your questions. And with that, I'll turn the call over to Pat.

Patrick Pacious, President & Chief Executive Officer, Choice Hotels

Thank you, Allie, and good morning, everyone.

We appreciate you taking the time to join us. I'm very pleased that Scott Oaksmith is joining us on our call today following his recent promotion to Chief Financial Officer. Scott has extensive experience across our finance division, and he's well-known to all of you in the investment community given his interactions over the years. I've had the pleasure of working with Scott for 18 years, and I'm confident he's the ideal person to lead our financial strategy.

His appointment demonstrates the depth of our bench and the importance of thoughtful succession planning. I'm also joined by Dom, who, as you know, served as our CFO for the past seven years and recently stepped into a newly created operational role, where he leads our brand segments, franchise development, segment services, and corporate development. Before I get into our quarterly results, I want to briefly discuss our proposal to acquire Wyndham Hotels and Resorts. We decided to make our offer public after six months of private negotiations that resulted in little progress.

Our goal is to resume a constructive dialogue with Wyndham's board to make this combination a reality. We are confident that a combination with Wyndham represents compelling value for both companies' shareholders, franchisees, associates, and guests. And we've heard positive feedback across these groups as well as from third parties. For Choice shareholders, our proposal provides significant financial and strategic benefits. Wyndham shareholders would receive a substantial premium and immediate value for their shares. And both sets of shareholders would have the opportunity to participate in the significant value creation that we believe a combined company would unlock. To put this in simple and direct terms, we are interested in combining with Wyndham because we respect their business, and we see it as highly complementary to what we have built. Together, we believe we can accelerate and build upon what each company could do on its own.

With an asset-light, fee-for-service model, we are confident that the combined company would generate stronger free cash flow and profitability, and have the financial strength to accelerate growth, quickly de-lever, and enhance returns to our combined shareholders. For franchisees, combining our companies would nearly double the resources available to $1.2 billion of spend on marketing and reservation activities, drive more direct revenue to their hotels with an even stronger rewards program, and lower their operating costs. As such, we see an even brighter future for the combined companies. We also see a clear path to completion, and we're ready to move expeditiously and negotiate terms, including ways to provide market standard protections for Wyndham shareholders.

Importantly, while this transaction remains important and highly valuable for us to pursue, we remain laser-focused and committed to executing daily on our business and enhancing the value of Choice, as evidenced by our strong third-quarter results.

Now let's turn to our quarterly results. Our distinct growth strategy andbest-in-class franchising business engine, drove our adjusted EBITDA to record levels in the quarter. And I'm also pleased to say that we raised the midpoint of our full-year guidance, which represents a 12.3% increase in our adjusted EBITDA for the full year.

We expect to build on this strong momentum through the rest of the year as we grow our franchise business with hotels that generate higher royalties per unit while leveraging the investments we have made in our systems to improve our franchisees' profitability. This impressive growth is fueled by the successful execution of our key strategies, which are unique to Choice. These strategies include executing the nearly completed rapid integration of Radisson Americas, which has already realized synergies 5% above our original plan and ahead of schedule, driving organic growth of our brand portfolio, and the quality of earnings with hotels that generate higher than brand average royalties per unit, investing in our brands designed to appeal to the guests of tomorrow while providing a compelling return on investment for our franchisees, increasing the velocity of hotel openings through our best-in-class hotel conversion capability, further bolstering our platform capabilities through strategic partnerships and other ancillary revenue opportunities, and expanding our international growth where we doubled our EBITDA contribution in the quarter.

Let me start with the successful acquisition of the Radisson Americas brands. When we executed this transaction, we made it clear that the Radisson Americas portfolio would be effectively integrated and contribute to our results in a timely manner. The successful integration process is tracking well ahead of schedule towards completion. Importantly, what our integration teams have accomplished with Radisson Americas further validates our capabilities to replicate this great success with the Wyndham combination.

The Radisson Americas acquisition has created a step function change in the size of our business, expanded our rewards program, extended our co-brand credit card opportunity, increased our geographic reach in the Americas region, and opened up new incremental earning streams. Thanks to our integration expertise and strategic investments in our state-of-the-art proprietary technologies, we have achieved $84 million in annual recurring synergies, exceeding our prior target by 5%, and we now anticipate additional future cost and revenue synergies. In the third quarter, we integrated the digital channels and rewards programs all within less than a year of acquisition. We are now delivering improved business performance to the Radisson Americas hotels as the process of onboarding these hotels onto our best-in-class business delivery engine is well underway. At the same time, we have been able to help our Radisson Americas franchise owners reduce reliance on third party distribution channels, and, as a result of our improved hotel footprint, we have recently negotiated improved terms for not only the Radisson Americas owners, but the whole Choice system with one of the major third party distributors. This in turn has helped lower the overall operating costs for our franchisees, which is so critical in a time of rising labor costs and interest rates.

Across the entire portfolio of brands, our franchisees and guests are reaping substantial benefits since the digital integration. Specifically, we are driving stronger performance for the Radisson Americas brands with bookings on our digital platform increasing by over 20% given the higher traffic and booking conversion rate on the Choice website and mobile apps. This in turn lowers customer acquisition costs for franchisees and following the integration of the rewards programs, we now have 63 million Choice Privileges members who book directly with our franchisees, pay them higher rates, and return more often than non-members, which all translates again to lower customer acquisition costs and higher margins for our franchisees. The entire Choice system now has access to over 1,600 nationally and globally managed corporate accounts and specialty accounts. And over 28,000 small to medium business accounts, from which we now can provide incremental revenue growth as we move ahead.

Radisson Americas properties are also enjoying access to our hotel profitability tool and Choice University, the most widely awarded learning program in the hospitality industry. As of today, at a pace faster than anticipated, we have seamlessly and effectively migrated 75% of Radisson Americas hotels onto our property management system. And we expect the remaining properties to be onboarded by the end of the year. With the full integration moving towards closure, we expect to help further drive Radisson Americas hotels' top line performance and reduce their operating costs to bring their profitability to the next level as they leverage the power of Choice's systems and tools.

The excitement generated by the Radisson Americas business unit is underlined by its performance. In the third quarter, the Radisson upscale brand RevPAR grew over 6% year-over-year, outperforming the upscale segment by 3 percentage points and achieving RevPAR index share gain versus competitors. Our future growth is now enhanced by the addition of the Radisson Americas brands to our best-in-class business delivery engine, and we believe we can provide similar benefits to Wyndham franchisees, if a transaction can be consummated.

Our selective organic unit growth strategy is also delivering results and enhancing the attractiveness of our brands. Over the last 5 years, we have expanded the reach of our franchise business in more revenue-intense segments. The new franchises in these segments are more accretive to our earnings, and are another key driver of our future growth. In fact, year to date through September, new hotels we added within a brand generated an average of 20% higher royalty revenue than hotels exiting the brand.

We are also executing new hotel openings at an impressive pace. Through September, we averaged more than 4 openings per week. This resulted in a 24% increase in openings year-over-year with 159 domestic hotel openings. At the same time, brand equity is elevating as we are seeing improved guest satisfaction scores and are enhancing our brand's value proposition to consumers. We also continue to invest in our business. Our recent brand investments are designed to appeal to the guests of tomorrow while providing a compelling return on investment for our franchisees. And these investments are already gaining traction. Our first new Comfort prototype hotel opened this quarter and marks the next chapter for our flagship brand, which continues to attract significant developer demand with 136 projects in the pipeline. In addition, earlier this year, we debuted the next generation Sleep Inn prototype and a Country Inn and Suites room refresh. Our newest Extended Stay brand, Everhome Suites, is gaining meaningful traction across the development community with over 60 domestic projects in the pipeline, including 12 under construction.

Fueling our success is our commitment to strengthening the value proposition we provide to our franchise owners. In fact, over the past decade, we have tripled the number of rewards program members and raised the direct booking contribution to our franchisees by 50%. In the current hotel development environment, our more diverse and strengthened brand portfolio makes our core competency, a best-in-class hotel conversion capability, even more impactful. Specifically, in the third quarter, we drove a 27% increase in our global rooms pipeline growth for conversion hotels quarter-over-quarter and 11% year-over-year. We expect nearly 70 additional domestic conversion projects to open by year's end. In addition, 72% of the domestic agreement awarded in the first nine months of the year were for conversion hotels. We are especially pleased with the prospects for our Radisson upscale conversion brand, given it generates, on average, 6x more royalty revenue than our economy portfolio.

Through our superior speed to market conversion processes and best-in-class franchisee support, we are able to move projects quickly through the pipeline. In fact, the velocity of our conversion openings has been so high that some conversion hotels never appeared in our quarterly reported pipeline numbers. Of all the domestic franchise agreements we executed for conversion hotels in the first nine months of this year, two-thirds have already opened or are expected to open by the end of this year. And we expect our brand portfolio conversion activity to remain robust for the foreseeable future.

We are also encouraged by the traction we are gaining in our efforts to expand our platform business and ancillary revenue growth opportunities. One example we're very pleased with is the new co-brand credit card. This strategic partnership should be a long-term tailwind given that it continues to drive loyalty to our brands, as our rewards members with credit cards stay with us on average 4x as often as non-rewards members. On the international front, another exciting development benefiting our customers is a new strategic partnership with one of the largest hotel operators in Mexico, which is known for its portfolio of upscale, upper upscale, luxury hotels and resorts in Mexico and the Caribbean. The arrangement will grow our international portfolio and is expected to enhance Choice Hotels' rewards program by allowing our members to earn and redeem points at these award-winning, all-inclusive properties.

Beyond this strategic partnership, we also continue to improve our international business performance. Our international portfolio-wide third-quarter RevPAR increased 14%, with the Americas region growing 25% compared to the same period of 2019. We believe we have a significant opportunity to further gain international market share and realize additional EBITDA growth in the coming years.

The results we achieved in the third quarter confirm the effectiveness of our deliberate approach to growing our company with hotels that generate higher royalties per unit. We remain confident in our versatile, asset-light, fee-based model, which has proven its ability to generate multiple avenues of earnings growth throughout various economic environments.

As we look ahead, we are well-positioned to build on the success we achieved in this quarter, and our powerful earnings algorithm and speed of execution will enable us to further capitalize on growth opportunities in 2023 and beyond.

I will now turn the call over to our CFO, Scott.

Scott Oaksmith, Chief Financial Officer, Choice Hotels

Thanks, Pat, and good morning, everyone. I'm excited to be joining you on the call today and continue to build upon the strong partnership we have developed over the last 18 years. I also look forward to working closely with Dom in his new role to drive our key financial objectives focused on maximizing long-term shareholder value.

Today, I'd like to provide additional insights on our third quarter enterprise and segment results, update you on our balance sheet and capital allocation approach, and share expectations as we move ahead. Throughout my remarks today, I would like to note that all figures are inclusive of the Radisson Americas portfolio and exclude certain one-time items, including Radisson Americas integration costs, which impacted the third quarter reported results. For third quarter 2023, compared to the same period of 2022, revenues excluding reimbursable revenue from franchised and managed properties increased nearly 9% to $219.6 million. Our adjusted EBITDA grew 12% to $155.9 million.

This was driven by strong, effective royalty rate growth, organic growth in more revenue-intense
segments and markets, the successful integration of the Radisson Americas portfolio, and the robust performance of our platform, procurement, and international businesses. And our adjusted earnings per share were $1.82, an increase of 17%. Let me turn to our key revenue levers, which include our unit growth, royalty rate, and RevPAR performance. In terms of unit growth, our portfolio's absolute size and the royalty revenue per hotel are key advantages.

Our strategic goal has been to accelerate quality room growth in more revenue-intense segments and markets by simultaneously growing our effective royalty rates, which ultimately results in an outsized increase in royalties. In addition to our mixed-shift strategy for the broader portfolio, we are driving more revenue intensity at the individual hotel and brand level across the system. In fact, year-to-date through September, new hotels we added within a brand continue to generate an average of 20% higher royalty revenue than hotels exiting the brand.

Our domestic system size of the more revenue-intense upscale, extended stay, and midscale segments for Choice's legacy portfolio grew by 1.6% for units and 1.9% for rooms year-over-year. At the same time, both units and rooms in our international portfolio increased approximately 1% year-over-year. We are particularly pleased with the growth of our international rooms pipeline, which nearly doubled in the third quarter year-over-year. During the quarter, we also leveraged our best-in-class conversion capability as we expanded our global rooms pipeline for conversion hotels by 27% since the last quarter.

These results demonstrate that the deliberate decisions and strategic investments we have made and will continue to make in our value proposition franchisee tools, brand portfolio, and platform capabilities are contributing strong returns across all our segments. First, we strengthened our upscale franchise business. For the first nine months of 2023, we grew our domestic upscale units by 11% year-over-year, highlighted by a 50% increase in the number of new hotel openings. Second, we accelerated our growth in the extended stay segment.

For the first nine months of 2023, we grew our domestic extended stay unit system size by 13% year-over-year, highlighted by a 38% increase in the number of new hotel openings. At the same time, we grew our domestic extended stay conversion room pipeline by 36% year-over-year. We remain very optimistic about our extended stay franchise business growth and expect the number of our extended stay units to increase an average annual growth rate of more than 15% over the next five years. Third, we continue to invest in our mid-scale portfolio, and as of the end of the third quarter, we reached over 4,300 domestic hotels.

In fact, after executing a franchise agreement, our mid-scale properties opened their doors as royalty-generating hotels in just under 100 days on average. And fourth, our economy segment transient hotels are continuing to benefit from the improved value proposition. As a result, in this segment, year-to-date through September, new hotels we added continue to generate an average of 20% higher royalty revenue than hotels exiting. Our effective royalty rate also continues to be a significant source of revenue growth.

Our domestic system effective royalty rate for the first nine months of 2023 increased 6 basis points year-over-year representing $4.4 million of incremental royalties including a 6 basis point increase for the Choice legacy brands to 5.1%. The third revenue lever I will discuss is our RevPAR performance. Our third quarter RevPAR increased 12.1% from the same quarter 2019 including 13.7% growth from the Choice legacy portfolio.

RevPAR was down 80 basis points year-over-year in the quarter reflecting tougher year-over-year comps as we were the first hotel company to return to and significantly exceed pre-pandemic RevPAR levels. While we expected softness in the lower mid-scale and economy chain scales in the back half of this year, we are optimistic about RevPAR growth prospects for the coming year given the favorable long-term business and leisure trends and the initiatives we put in place to capitalize on these tailwinds. As Pat mentioned, we continue to build on the strong momentum of our platform business. Specifically, in the third quarter, we increased our platform and procurement services fees by 8% to $15.5 million compared to the same period of last year.

We believe that we can drive this strong revenue growth in years ahead as we increase the number of products and services we offer to nearly 7,500 hotels, millions of guests, and other travel partners while expanding our platform. At the same time, as a result of our strong organic growth and the acquisition of Radisson Americas, we doubled the EBITDA contribution of our international portfolio in the quarter. I'd like to now turn to our well-positioned, low-leveraged balance sheet marked by gross debt to EBITDA of 2.7 times, which continues to be below the low end of our targeted range of three to four times.

Year-to-date through October, we've returned over $390 million to shareholders, this included nearly $57 million in cash dividends and $335 million in share repurchases.

Over the past year alone, we have repurchased nearly 8% of our outstanding shares and returned over half a billion to shareholders. With our strong cash flow and debt capacity, we are well positioned to continue accretively growing the company. Our strong capital structure positions us well to increase investments to further expand the scale of our business to drive franchisee and shareholder value. It can also effectively support the acquisition and successful integration of Wyndham.

Beyond our focus on continued organic earnings growth and the large strategic opportunities we have discussed, we will continue to make targeted investments in our business to drive growth focused on hotels that generate higher royalties per unit, further enhance the franchise owners' value proposition while expanding our international and platform business. I'd like to turn to our expectations for the remainder of the year. For full year 2023, we are raising the midpoint of our adjusted EBITDA guidance to $537.5 million, which represents 12.3% growth at the midpoint year-over-year, and approximately 44% growth compared to the full year 2019. From a full year perspective, when assuming a like for like portfolio, our organic adjusted EBITDA, excluding Radisson Americas, is expected to grow an impressive 8.4% over the prior year.

For full year 2023, we are also raising our adjusted diluted earnings per share to range between $5.95 and $6.03 per share. Underlying our outlook are the following assumptions for full year 2023. We are updating our expectations for domestic RevPAR to be approximately 1% year-over-year, which builds on the approximately 13% growth relative to 2019. We expect domestic system growth of the more revenue-intensive segments to be in line with our prior guidance of approximately 1%.

And finally, we are maintaining our outlook for full year 2023 effective royalty rate to grow in the mid-single digits year-over-year. As we look into 2024, we continue to expect to generate adjusted EBITDA growth of approximately 10% year-over-year, driven by incremental contribution from Radisson Americas, as well as organic growth in more revenue-intense segments and markets, strong effective royalty rate growth, and other factors. This outlook does not account for any additional M&A activity. Today's results are a testament that our strategy is working, and we intend to keep investing in those areas of our business that will generate the highest return on our capital.

At this time, Pat and I would be happy to answer any questions. Operator?

Operator

Thank you. Ladies and gentleman, if you would like to ask a question please press star followed by one on your touchtone phone. You will then hear a three-tone prompt acknowledging your request. If you would like to withdraw from question queue, please press star followed by two. And if you are using a speakerphone, you will need to lift the headset before pressing any keys.

Please go ahead and press star now if you have any questions.

And your first question will be from Sean Kelly at Bank of America. Please go ahead.

Shaun Kelley, Senior Research Analyst, Bank of America

Hi.

Good morning, everyone. Thank you for taking my questions. And, Scott, congrats on the promotion. I'd love to lead off, Pat, with the sort of, I think, very obvious high-level question of sort of what are the next steps here for Wyndham? So, as we see it, obviously you've taken your offer public.

Is the next step a possible proxy battle. Are you thinking about directly buying shares in Wyndham? Is that an opportunity for you? Or is there a way to address maybe some of the very specific concerns that they put out in their detailed response, including maybe being willing to move above what I think you deemed as market standard protections? Would you be willing to go above that to get conversations to further evolve here? Thank you.

Pat Pacious, President and Chief Executive Officer, Choice Hotels

Thanks, Shaun. I appreciate it.

I think the top priority, as we've been talking to our shareholders, their shareholders, our franchisees, their franchisees, the top priority is to get re-engagement to come back to the table. Every issue that's been identified can be solved by coming back to the table and negotiating. These are two great companies. We think combined, we would be in an even better position to deliver this incredible value to stakeholders.

I think as you're all aware, we're very committed to this transaction. We've been evaluating this over the last 10 months. There's a lot of value to be created here. And the strategic rationale is just simply too compelling not to see it all the way through.

As far as seeing if there's additional value to be unlocked, there can be additional value to be unlocked if Wyndham re-engages. I think as you mentioned, some of these questions around how to protect the risk allocation, we're well advised and we're confident in our ability to complete this in a reasonable timeframe. We are willing to offer transaction terms as we stated to them when we were talking privately that provide the appropriate level of risk mitigation and certainty for their shareholders. So a lot of these conversations are things that we want to continue to engage Wyndham on, but we're going to do that with them privately.

But we're well advised, we're well aware of what our options are to see this all the way through, and we're confident we'll get the transaction completed.

Shaun Kelley, Senior Research Analyst, Bank of America

Thanks. And just to be very clear, if we kind of stay in this agree to disagree moment, because, again, you want them back to the table, but they've been, I think, pretty clear that some sort of economic move probably needs to occur for them to do so. So, I mean, again, can you give us any sense of the options of what that could entail to push that along? And again, hopefully, I think, in all terms, turn this conversation friendly.

Would you budge on economic terms here to help, I guess, return them to the table? Is that on the table for you?

Patrick Pacious, President and Chief Executive Officer, Choice Hotels

Well, you're not going to be surprised, Sean. I'm not going to have that conversation on this call, but we're happy to have that conversation with the Wyndham board.

Shaun Kelley, Senior Research Analyst, Bank of America

Fair. Thank you very much.

Operator

Thank you. Next question will be from Stephen Grambling at Morgan Stanley. Please go ahead.

Stephen Grambling, Senior Equity Research Analyst, Morgan Stanley

Hey, thanks. So I'm just going to follow up on Sean's questions with maybe a little bit more direct of a question.

Just how do you think about the right level of termination fee and or willingness to put a collar in place? Are there any comparable transactions that you look at?

Patrick Pacious, President and Chief Executive Officer, Choice Hotels

Yeah, thanks, Stephen. I mean, obviously, when you look at an opportunity like this, we've looked at what market terms look like for deals of all different sizes and shapes. A lot of it comes down to how each side is evaluating the execution risk. One of the benefits of bringing the proposal public three weeks ago is we've been able to engage in pretty extensive conversations with our franchisees, many of whom are their franchisees.

I would say in the last three weeks we've probably spoken to hundreds of franchisees across the spectrum. They're very supportive of the combination. These are sophisticated investors themselves, and they immediately grasp how a combination like this is going to improve their profitability. They see more direct bookings, they see a larger rewards program, and they understand how that can drive down their costs and improve their profitability.

So, understanding the sort of execution risk around getting a deal like this completed, the last three weeks I think have been really supportive from the input we've heard from franchisees, from shareholders, and from third parties on seeing a transaction like this happen. So, I think when you look at evaluating that, the last three weeks have really helped us understand what it's going to take. I mean, effectively, we're looking for the opportunity to have sufficient time to get through the required approvals to make this transaction occur.

And I think, as you said, have we looked at market terms? Yes, we have, we understand what those are and we're certainly willing to engage in those conversations with the Wyndham Board.

Stephen Grambling, Senior Equity Research Analyst, Morgan Stanley

And maybe two quick follow ups. One, have you then had conversations with the SEC or how would you frame the path there? And an unrelated M&A question, how do we think about the licensing fees that you've earned from Bluegreen and the impact from the HGV transaction?

Patrick Pacious, President and Chief Executive Officer, Choice Hotels

Yeah, let me talk about the HGV transaction. We're well aware of their transaction.

We've been in discussions with them. I think it's important for investors to understand that there is a change of control provision in the existing Bluegreen agreement. And we provided a lot of benefit to that entity over the past, I think it's probably a dozen years, I think, close to a dozen years, we've had a great working relationship with Bluegreen. And we would expect that's going to continue when HGV takes control as well.

So, we're looking forward to those conversations and creating more value. As far as engaging with regulators, it's too early in the process, but it is something we've obviously looked at. We've been studying this, as I said, for about 10 months, and we feel very confident that there's a clear path to completion to get this transaction through the required approvals.

Stephen Grambling, Senior Equity Research Analyst, Morgan Stanley

Thank you.

<u>Operator</u>

Thank you. Next question will be from Michael Bellisario at Baird. Please go ahead.

<u>Michael Bellisario, Senior Research Analyst, Baird</u>

Thanks.

Good morning, everyone.

Just one more question, first on the topic of Wyndham.

I think you mentioned, or you said, if Wyndham reengages, I mean, you obviously have to reengage too. It takes both sides to do a deal. So, I guess my question is, how long do you let the process go in the public realm before you either say, enough is enough and we're going to go do something different or we're going to walk away from the deal? Just trying to understand the thought process about how long it hangs out in the public market, in the public realm. Thanks.

<u>Patrick Pacious, President & Chief Executive Officer, Choice Hotels</u>

Yeah, I think, Michael, we're obviously--we were looking to continue the conversation at the time that they kind of surprisingly disengaged. So, we are hopeful that through the conversations we can have in the future, we're going to get back to the negotiating table. You know, I think it's important for us to realize we are aware of the calendar. You know, we have, as a company, have been very patient in our growth strategies.

But when we look at what the opportunity here sitting in front of us is today, the time to execute this transaction is now. If you look at our franchisees and you look at the costs that they are bearing with rising labor costs, rising interest rates, and the pro-competitive nature of what's happening in our segments, now is the time to get a transaction done. I think when we've discussed this with the Wyndham Board and with their shareholders, everybody sees the strategic rationale of getting this transaction done. So, it's just a matter of getting back and getting engagement again and realizing that the issues that remain are things that can clearly be met and answered if we're able to get back into the negotiating room and solve these issues.

<u>Michael Bellisario, Senior Research Analyst, Baird</u>

Got it. And then just onefollow-up on the AAHOA statement. I know the public one came out and stated that they don't support the transaction. Can you maybe help us understand sort of their role and their influence in the industry, especially with your franchisees?

Patrick Pacious, President & Chief Executive Officer, Choice Hotels

Yeah, I think what's important is, we as an organization have seven franchisee associations. These associations elect their own members. And those are the associations that we've been talking to about this transaction. They are most familiar with our programs, they're most familiar with all of the benefits we bring to them, the cost reductions that we've been able to achieve. And it's been really exciting in the last three weeks talking to our franchisees and seeing their enthusiasm.

They see this combination not as a promise that these benefits are coming their way, it's a reality. Because we're achieving those cost-benefit reductions for them right now through the Radisson acquisition. The cost reductions we're able to drive are going across not just the Radisson brands, but all of the Choice legacy brands. And so this is a reality that's occurring now.

And so our franchisees are seeing that performance improvement on the top line. They're seeing the cost reduction on their bottom line. And ultimately, they see this combination as something that could really accelerate and be a real game changer for their brands. And as I said, many of them own Wyndham brands as well.

So, the response we've heard has been very enthusiastic. And they get it, they understand that this is something that's going to benefit them at the street corner level.

<u>Michael Bellisario, Senior Research Analyst, Baird</u>

Fair enough, thank you. And then just one unrelated question on the fundamental front, just on the pipeline, kind of trying to focus on the domestic rooms here.

Conversions look like they stepped way up, so maybe what happened on the new construction front and are you seeing any incremental pressures on the signings front there? Thank you.

Scott Oaksmith, Chief Financial Officer, Choice Hotels

Yes, Michael, thank you. Yeah, we are very pleased with what we've seen on the conversion side. As you know, that's something that we're very good at as a company, driving the conversion market.

Two-thirds of our openings typically come through conversion so we're able to grow in all market conditions. And even if the financing environment becomes a little bit tougher, we have the ability to grow in all market conditions. I point back to the great financial crisis where about 90% of our openings came from conversion. So, we're pleased with what we're seeing on the step up of conversion. In terms of new construction, we're still seeing a lot of great demand there. I think one thing Pat mentioned is our investment in our brands as we continue to look at ways to drive down the cost of our prototypes to make them more financeable. And for the most part, our owners are more small business owners that still have access to that local level bank that's able to still drive and finance new construction of hotels. As an example, since we relaunched the Cambria brand with a lower cost prototype, we've signed 23 new agreements since its launch.

So, we're pleased with our ability to continue to drive conversions, as well as make our new construction prototypes more affordable to continue to build in all market cycles.

Operator

Did you have any further questions?

Michael Bellisario, Senior Research Analyst, Baird

All set, thank you.

Operator

Thank you. Next question will be from David Katz at Jeffries. Please go ahead.

David Katz, MD and Senior Equity Analyst of Gaming, Lodging & Leisure, Jeffries

Hi. Good morning. I appreciate all the detail on the strategic rationales and all the background, but my one question is on the back side of this.

Leverage is getting up to a relatively high level, higher than I think historically you've seen, at least in my covering tenure. Just how do you get comfortable with that and talk about how long you expect that leverage level to stay there? Thanks.

Scott Oaksmith, Chief Financial Officer, Choice Hotels

Thanks, David. Yeah.

As you said, we've typically operated at targeted leverage levels that are three to four times. And we've typically been below that, which really shows the strength in our balance sheet, which allows us to think about a transaction like this. We don't enter into that lightly, but for such a transformative acquisition, we think it's prudent to be able to leverage up the balance sheet temporarily and then quickly de-lever. As you know, we are a very high free cash flow generating company, as is Wyndham.

So, the combination of those two can handle a little bit higher debt load on the short term We've pressure tested it. We believe that even with a slightly elevated leverage, we can continue to reinvest in the business to grow, as well as de-lever. And we kind of think we can do that within 24 months, a little over that timeframe to get back to the high end of the three to four times targeted ratios that we have.

David Katz, MD and Senior Equity Analyst of Gaming, Lodging & Leisure, Jeffries

Got it.

And would there notionally be some refinancing required? And with the cost of debt involved, are you sort of comfortable that — this, where we sit today, I guess, right, the cost of debt, lends itself to doing this. And before I forget, congrats on the promotion, Scott, I should really have said that at the outset.

Scott Oaksmith, Chief Financial Officer, Choice Hotels

Thanks, David. No, we, we are comfortable.

There are a few, when you look at our bonds that are outstanding, that can be rolled over in the transaction, but there will be new debt that needs to be issued. And we're comfortable with what we see in the marketplace as far as interest rates that we'll be able to de-lever quickly. Our interest coverage ratios will be at least 3x coming out of the gate post-combination. So, we're comfortable, again, that we can invest in the business.

We've stressed it if we saw a recession. And again, feel very comfortable that businesses can handle the deadload. And again, de-lever quickly.

David Katz, MD and Senior Equity Analyst of Gaming, Lodging & Leisure, Jeffries

Thank you very much. Appreciate it.

Operator

Thank you. Next question will be from Robin Farley at UBS. Please go ahead.

Robin Farley, MD and Research Analyst, UBS

Great. Just circling back to the topic of next steps, and I know you've discussed it a bit already, but if Wyndham continues to not engage, and that's their public stance still, is the next thing that you have to wait until May to have, something in front of shareholders? Is that something you're prepared to do sort of timing-wise, and that, I don't know if you feel that that there would be any sort of uncertainty between now and then that can impact franchisees on either side.

Patrick Pacious, President & Chief Executive Officer, Choice Hotels

Yeah, Robin, I would just say we're well advised about what the potential options are to continue to move this ball forward and get the transaction consummated. I'm not going to speculate on sort of what will happen between now and the next several months here, but we're confident we're going to get this done. We're going to do everything we can to drive re-engagement from the Wyndham side.

And as I said, we're aware of what the opportunities are and the options are, and we're also aware of what the calendar looks like in order to get the transaction completed.

Robin Farley, MD and Research Analyst, UBS

Okay, okay, thank you. And just as a follow-up, are you expecting any more removal to Radisson when we just look at the change in the number of Radisson properties among all of the brands combined from Radisson? In terms of any more removals from that system from here forward, more than maybe what you would think of as a typical rate, just looking at the change in the last couple of quarters, and then also just that kind of related on total room count for the full year, if your expectation for that and whether that's changed. I know the 1% increase in the revenue intense segments, but just thinking about on a combined basis and whether that's changed since last quarter and just looking at the Radisson removals? Thanks.

Scott Oaksmith, Chief Financial Officer, Choice Hotels

Thanks. Yeah, so in terms of net unit growth, we're really pleased with when you look at our legacy Choice brands and our revenue intensive units, they're up 1.6% year-over-year, and our rooms are up 1.9%. So, we're very pleased with that. And in terms of Radisson, all of the deletions that we've had at this point in time were ones we expected that we had underwritten in the deal.

So no surprises at this point. We should be on the back end of that at this point in the cycle, as we're now about a year into the acquisition. So we're confident that we can grow both the flagship Radisson brand as well as the Country Inn brand. Our plans for the Radisson brand will most likely be to grow through the conversion engine, so we believe we'll be able to kind of bring that back to new unit growth coming in 2024 and beyond.

For Country, it's going to be a mix of conversions and new construction, so the timeline for growth on that may be a little bit elongated given the new construction environment, but we're very confident that with both those brands that we can grow those on a significant scale for the company.

Patrick Pacious, President & Chief Executive Officer, Choice Hotels

Yeah, Robin, I would just say too on the Radisson brand itself, the amount of refinancings that are going to occur in the next 18 months for upscale full-service hotels is fairly elevated, and that's a real opportunity for brands to come in and re-flag, and our development team for the upscale segment is engaged in a lot of those conversations. So, we do think that sort of reshuffling of potential financing is going to lead to more opportunities for us on that conversion, upscale full-service conversion opportunity, as Scott said.

Robin Farley, MD and Research Analyst, UBS

Okay. Great. Thanks very much.

Operator

Thank you. Next question will be from Meredith Jensen at HSBC Please go ahead.

Meredith Jensen, US Consumer Equity Research Analyst, HSBC

Yes. Hi. Thanks. I just wanted to speak a little bit about the extended stay portfolio and how we can think about segmentation between economy and then mid-scale with Everhome and then the potential sort of white space for upscale extended stay and sort of timing or thoughts on that front. Thanks.

Patrick Pacious, President & Chief Executive Officer, Choice Hotels

Yeah. Welcome, Meredith. And I'll start and then Scott can sort of fill in. I mean, I think when you look at the extended stay opportunity for us, we're really excited by the four brands that we have in that segment.

I think, as we've stated publicly, we expect our compound annual growth rate over the next five years to be in the double digits, like 15% growth going forward. We're really excited by what we're seeing at Everhome. We had a developer summit down in Atlanta a couple of weeks ago that was standing room only for that brand, and as we mentioned, we've got 1,200 construction and a lot of developer interest for Everhome in particular.

We're also seeing a lot of conversions from transient hotels to extended stay hotels, and if you look at our mainstay and suburban brands and the growth that we're seeing there, those two are also contributing significantly.

I think when you look at the white space, as you mentioned, an upscale extended stay brand is not something we have today. It is something that as we built our upscale capabilities with Cambria and now the Radisson acquisition, and we have our already strong competency in Extended Stay, that's a white space in our portfolio that could be filled with a future brand launch or potential acquisition.

Scott Oaksmith, Chief Financial Officer, Choice Hotels

Yeah, I'll just add to Pat. I mean, as he mentioned, we're very excited about the opportunity.

When we look at our pipeline of Extended Stay hotels, we've got over 360 hotels. With the profile of that developer, Institutional Capital, we have the systems put in place with over 60 field service people to make sure that we're driving what they call Extended Stay occupancy, which is so important in that business.

So, we've proven our business model with the WoodSpring brand, which has really been a great acquisition for us, and we've been able to accelerate the growth of that. And developers have seen that, and we're bringing that to the mid-scale segment with Everhome.

So, we are very pleased with where that is today with the 1,200 construction and 60 in the pipeline, and see an acceleration of the demand trends. If you look at the Infrastructure bill and reassuring of American jobs, we see there's a huge amount of new business coming in, $50 million to $100 million room nights over the next decade that really are going to feed the extended stay profile and having the WoodSpring brand and building out the Everhome brand, we're well positioned to capture that demand.

Meredith Jensen, US Consumer Equity Research Analyst, HSBC

Great, thanks, super helpful.

Operator

Next question will be from Joe Greff at JPMorgan.

Joseph Richard Greff, Analyst, JPMorgan Chase & Co

One thing that was noticeable to us in the third quarter was a nice reduction in adjusted SG&A, both year-over-year and sequentially. Can you talk about what's embedded in the fourth quarter?

And then with respect to your $580 million, $590 million of 2024 EBITDA guidance, what's contemplated as an adjusted SG&A number there? And then I have a follow-up.

Scott Oaksmith, Chief Financial Officer, Choice Hotels

Yes. so as we're currently working through our 2024 budget, we feel very confident on the 10% EBITDA. In terms of during the quarter, our SG&A did decline, adjusted about $3.3 million, and really, it was mainly around a couple of things. One, just the timing of some incentive compensation that was recognized in Q3 of the prior year as well as some of it we started to step down and realize the synergies on the Radisson. So, if you think about Radisson, it's about $19 million of total SG&A for the year, and we expect to eliminate about $13 million of that for a $6 million run rate. So, when you look at Q4, I would think about that to be kind of similar a reduction against Q4 of last year when you're modeling that out.

And then going forward, you would expect us to be able to kind of maintain SG&A growth rate in that low, single digit year-over-year.

Joseph Richard Greff, Analyst, JPMorgan Chase & Co

Perfect. And then going back to the fund with Wyndham. I believe you mentioned or maybe it came from them or previous conversations I've had with you that you were talking about pro forma free cash flow of about $1 billion a year. Can you maybe refine that a little bit and talk about the pieces that get you there if I'm correct in that $1 billion pro forma free cash flow that I'm presuming includes a fully synergized EBITDA level in there? And that's all for me.

Scott Oaksmith, Chief Financial Officer, Choice Hotels

Yes. So that $1 billion is really representative of what we had available to service debt. So that was before interest expense. So, if you think about kind of a synergized EBITDA multiple, EBITDA of around $1.4 billion of the two companies and you take out taxes, CapEx, and the dividend, that gets you right around that $1 billion available cash flow to service debt and then you would have, obviously, interest expense and then the remaining ability to de-lever. So that's where that $1 billion came from.

Joseph Richard Greff, Analyst, JPMorgan Chase & Co

Got it. And so if we have interest expense stand-alone for two companies and then pro forma for the deal, that stands at about $500 million of pro forma free cash flow?

Scott Oaksmith, Chief Financial Officer, Choice Hotels

I would say it's a little bit north of that based on what we're modeling, probably closer to the $700 million.

Patrick Pacious, President & Chief Executive Officer, Choice Hotels

We're thinking we're going to have interest coverage of well over 3x if you think about the pro forma business.

Operator

Next question will be from Dan Wasiolek at Morningstar.

Dan Wasiolek, Senior Equity Analyst, Morningstar Inc.

Two, if I may. So going back just to RevPAR guidance. I know slight revision downward. Anything in the environment that you would call out that's maybe changed over the last few months?

And then I guess the second question, in your conversations with third-party owners looking to convert or sign into your umbrella, are there any owners looking to pause until there's some resolution with the Wyndham deal?

Scott Oaksmith, Chief Financial Officer, Choice Hotels

In terms of the RevPAR guidance, really, this is a factor of tougher comps as we go through the year. When you look at – as we mentioned on the prepared remarks – our Q3 RevPAR for Choice legacy, it is still up 13.7%. And many of our competitors are under 10% against 2019. So really just that we recovered faster. And we haven't seen anything change in the business in terms of occupancy level and ADR levels.

And then when you look at Q4, we had a really, really strong Q4 last year. We were about 6% higher than the prior year and then 20% higher than 2019. So really, just the deceleration of RevPAR is something that we had talked about at the beginning of the year that we expected during the year given just the tough comps. And while we're still working on our 2024 budgets, we do expect growth in RevPAR in 2024.

Patrick Pacious, President & Chief Executive Officer, Choice Hotels

And then Dan, on the signings for new franchise agreements, I mean, Dom and I were just out in Phoenix on Sunday and Monday with about 200 of our franchisees – several of our other executives were there as well. And obviously, the topic they wanted to talk about was their enthusiasm around the Wyndham combination but right on the back end of that, they wanted to talk about either improving their hotel or signing their next agreement with us.

So, we're seeing a lot of enthusiasm. A lot of this is based off of where we've gone with our brands and the value prop we've created and the return on investment that they're seeing from our existing brand portfolio. So, we're not seeing anything where owners are telling us they want to pause. We're actually seeing owners who continue to be enthusiastic. And as we said in our remarks, A lot of this is a conversion game right now. And this is where Choice Hotels over the past has always sort of exceeded expectations from that standpoint just given our brand portfolio and the support we provide to franchisees who are looking to convert into our flags.

Operator

Next question will be from Alex Brignall at Redburn Atlantic.

Alex Brignall, Analyst, Redburn Partners

It's really just on the Radisson deal, you're obviously ahead of schedule, and I should think that, that plays a lot into the EBITDA upgrade. Does that increase the ultimate achievable synergies that you anticipate? Or have you just been faster at extracting the synergies that you had in mind in the first instance.

Scott Oaksmith, Chief Financial Officer, Choice Hotels

It's actually a combination of both. So we're about 5% ahead of the realized synergies that we initially had underwritten in the deal, and we've achieved them faster than we thought. And we're not done at this point in time. We still think there's additional opportunity to find more synergies over the next quarter or 6 months.

So we've been very pleased with the ability to extract synergies, and it's really a muscle we've built as a company first with the WoodSpring acquisition and now Radisson. And as Pat mentioned before, it's kind of proving out in real time that that as a management team, we do know how to acquire companies to integrate them quickly and produce the benefits that we've talked about. So a combination of both there.

Patrick Pacious, President & Chief Executive Officer, Choice Hotels

Yes. Alex, the other thing that normally I think companies up in integration is the technology stack, and we took and built out our res system in the Amazon Cloud, and we did that about 4 or 5 years ago. That's provided the scalability and the extensibility that you need when you're combining with more hotel rooms, more brands and more travel partners.

And so because we've made the investments in those proprietary technologies, it allowed us to do the integration of the digital platforms and the loyalty programs in 11 months which is pretty remarkable. And as I said in our remarks, that's something that we see as our ability to realize the synergies quickly in a Wyndham transaction and bring those benefits to the franchisees in a really, really short time frame.

Alex Brignall, Analyst, Redburn Partners

Fantastic. And then just as a follow-up, on the RevPAR environment, I guess it's very easy to say that you might have known the comps kind of as we went into the quarter. And so the kind of slowdown or the reduction in the guidance is kind of just squaring off. As you look into Q4, what's your expectation of where RevPAR growth will come in for the domestic business? And then I guess if we're kind of exiting it flat or down. What are the things that will then change to make RevPAR turn positive for 2024?

Scott Oaksmith, Chief Financial Officer, Choice Hotels

Yes. So in terms of Q4, we expect RevPar to be slightly negative throughyear-to-date, we're at about 1.4%. So to get down to the approximately 1 that does imply a slightly negative environment. But when you look at that — if you look at kind of — it really is still accelerating against 2019, as I mentioned earlier, 20% RevPAR increase last year over 2019. So even if we are slightly negative, we'll be ahead of the pacing of 2019 that we were in third quarter, which was close to 14% on our legacy brands. In terms of next year, we're still early in our budgeting process, but I still believe there is an ability to continue to push rate. When you look at the long-term tailwinds. I think first quarter may be a little tougher, again, back to comps given that we were a little bit stronger in the beginning of the year. But most of the prognosticators believe that leisure travel and business travel will continue to accelerate second quarter and beyond.

And really, it's a function of the economy as we kind of ride through this I think we feel like the prognosticators said we feel like we've avoided a recession and then we see the long-term tailwinds of increasing retirements of the baby boomers and 3.5 million additional retirees every year, which are a big driver of leisure travel, remote work and leisure travel continues to be strong, 30% of all business trips are now expected to have a leisure component to it. And then as I mentioned earlier, the reinsuring of American jobs and the infrastructure bill are really good tailwinds for drive in our consumers and our brands.

Patrick Pacious, President & Chief Executive Officer, Choice Hotels

Yes. And I think that's the demand picture. And I think when you look at the supply picture, the supply growth for next, I think it's expected to be around 1%. So when you have a much more slower supply growth with that demand increase going up, it paints a nice picture for a healthier RevPAR environment moving forward.

Operator

Next question will be from Brandt Montour at Barclays.

Brandt Montour, Research Analyst, Barclays

Just everything you guys have given so far has been helpful. And most of my questions have been asked and answered. So just one for me and back on Wyndham from a longer-term strategy perspective, you guys have been focused on RevPAR intensive segments and sort of less on the economy segment. Whereas Wyndham is most prominently economy branded in terms of the center of their gravity and launching new brands in economy. So I guess would a combination be a change in your – would that maybe constitute a change in your long-term strategy from a mix perspective? How do you think about sort of bridging those two sort of worlds there?

Patrick Pacious, President & Chief Executive Officer, Choice Hotels

No, quite the opposite. We see enough lately strategy. I mean when you look at the natural fit and the complementary nature of the 2 companies, as we said, we respect the business that they do, we respect the brands that they have in the economy segment. And we think with a much larger footprint and the financial capacity there's opportunity here to grow the brand equity and to grow the royalty contribution coming from each hotel, similar to what we've been doing, not just in the revenue intense segments, but we've also been doing that in our economy segment. I think it's very important that investors understand that, that a revenue-intense strategy is coupled with a brand improvement strategy that's occurring in our economy brands as well. And we think there's an ability here with 2 companies together to unlock that kind of value in their brands and ours as well.

Scott Oaksmith, Chief Financial Officer, Choice Hotels

If you think about just the combination and reservation fund that I know we've talked to a lot of investors and a lot of analysts about. I mean you're effectively taking what is a $600 million marketing and reservation fund on both sides of the equation, combining that probably some synergy there as well. So you're effectively sitting in a position where you deploy well $1.2 billion of marketing and reservation capability to drive traffic into these hotels. So in addition to what Pat's saying, where what we're seeing at choice is every economy product that's coming into the portfolio today is driving 20% more revenue versus what's leaving the portfolio, you're going to be able to actually drive even further performance in those brands as well as our two segments in upscale and an extended stay. So that's a huge complement to the transaction as well.

Brandt Montour, Research Analyst, Barclays

That's really helpful. Actually, one more for me, if you don't mind. The CapEx in the quarter looks like it stepped up a little bit quarter-over-quarter and sort of, I guess, it looked like a little bit higher than the last several quarters. Anything in there that you want to highlight one time or otherwise?

Scott Oaksmith, Chief Financial Officer, Choice Hotels

We do have some onetime costs around. We're actually about ready to relocate our corporate offices down the street here. So effective December 1, we're moving. So we've had some elevated CapEx related to the leasehold improvements on the new space.

Operator

And at this time, we have no further questions. Please proceed.

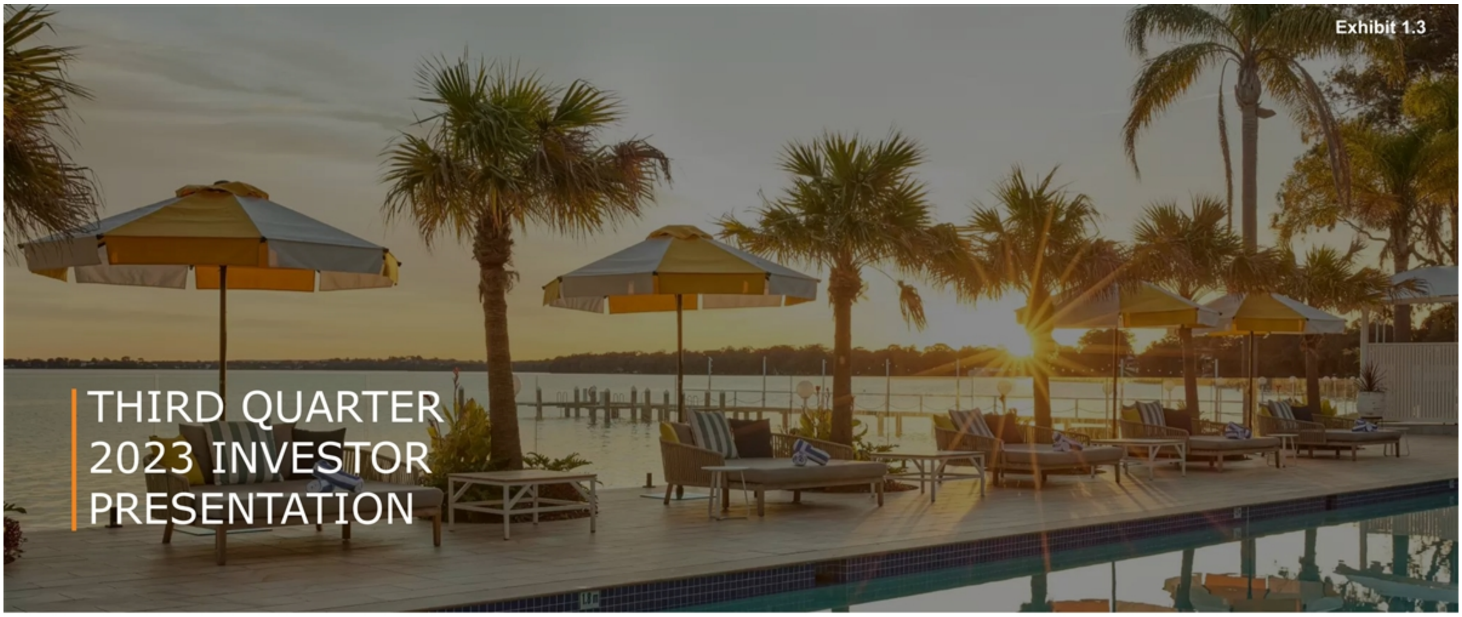
Patrick Pacious, President & Chief Executive Officer, Choice Hotels

Well, thank you, operator, and thank you, everyone, again, for your time this morning. We'll talk to you again in February when we announce our fourth quarter and full year 2023 results. Have a great day.

Operator

Ladies and gentlemen, this does indeed conclude your conference call for today. Once again, thank you for attending. And at this time, we do ask that you please disconnect your lines.

Exhibit 1.3



THIRD QUARTER 2023 INVESTOR PRESENTATION

November 7, 2023

CHOICE HOTELS™

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 include, but are not limited to, the ultimate outcome of any possible transaction between Choice and Wyndham (including the possibility that the parties will not agree to pursue a business combination transaction or that the terms of any definitive agreement will be materially different from those described herein); uncertainties as to whether Wyndham will cooperate with Choice regarding the proposed transaction; Choice’s ability to consummate the proposed transaction with Wyndham; the conditions to the completion of the proposed transaction, including the receipt of any required shareholder approvals and any required regulatory approvals; Choice’s ability to finance the proposed transaction with Wyndham; Choice’s indebtedness, including the substantial indebtedness Choice expects to incur in connection with the proposed transaction with Wyndham and the need to generate sufficient cash flows to service and repay such debt; the possibility that Choice may be unable to achieve expected synergies and operating efficiencies within the expected timeframes or at all and to successfully integrate Wyndham’s operations with those of Choice, including the Choice loyalty program; the possibility that Choice may be unable to achieve the benefits of the proposed transaction for its franchisees, associates, investors and guests within the expected timeframes or at all, including that such integration may be more difficult, time-consuming or costly than expected; that operating costs and business disruption (without limitation, difficulties in maintaining relationships with associates, guests or franchisees) may be greater than expected following the proposed transaction or the public announcement of the proposed transaction; and that the retention of certain key employees may be difficult. 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, and the company’s liquidity, 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, changes to general, domestic and foreign economic conditions, including access to liquidity and capital; 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; changes in consumer demand and confidence, including consumer discretionary spending and the demand for travel, transient and group business; the timing and amount of future dividends and share repurchases; future domestic or global outbreaks of epidemics, pandemics or contagious diseases or fear of such outbreaks, including any resurgence of the COVID-19 pandemic, and the related impact on the global hospitality industry, particularly but not exclusively the U.S. travel market; changes in law and regulation applicable to the travel, lodging or franchising industries, including with respect to the status of our 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 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; the impact of inflation; cyber security and data breach risks; climate change and sustainability related concerns; ownership and financing activities; hotel closures or financial difficulties of our franchisees; operating risks associated with our international operations; labor shortages; the outcome of litigation; 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; and developments with respect to our proposal to acquire Wyndham Hotels & Resorts, Inc. 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, as 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.

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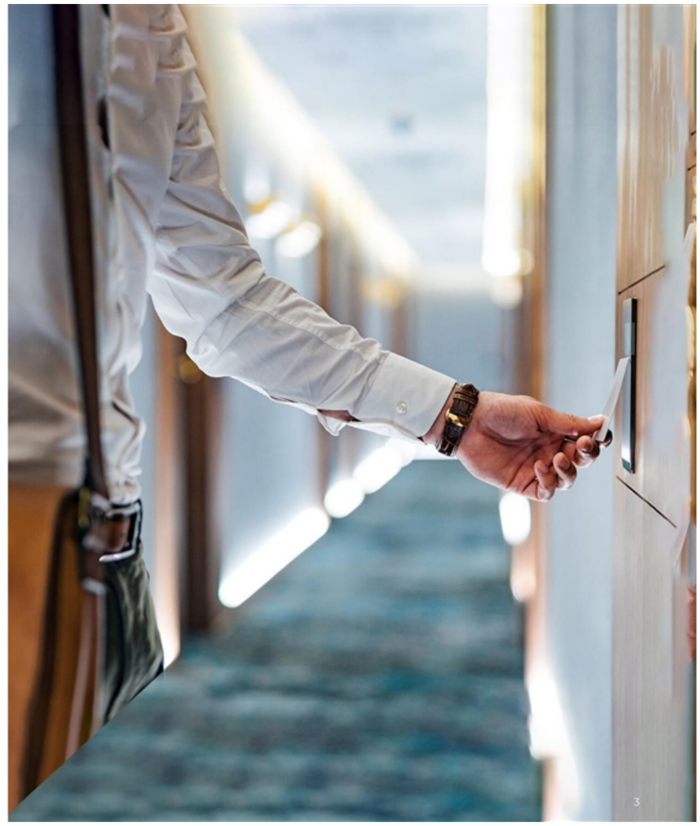
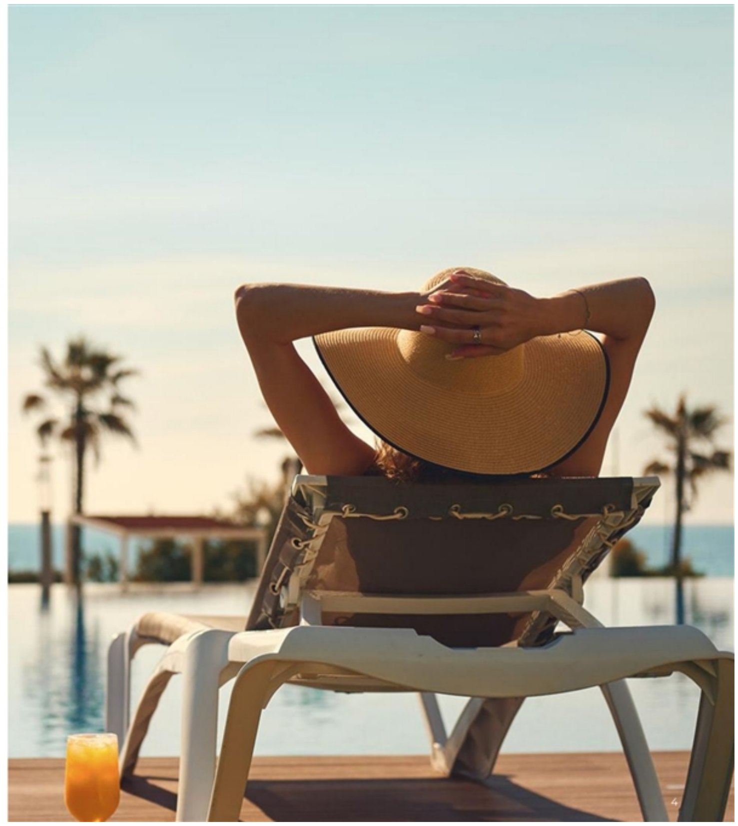


1

Third Quarter 2023 Update



Third Quarter 2023 Performance Recap Update

Pipeline Expansion

Global Overall >99,000 rooms | +6% QoQ

Global Conversion +27% QoQ | +11% YoY

Openings

+24% YoY

Strategic Partnership

With one of the largest hotel operators in Mexico

Effective Royalty Rate Growth

+6 bps vs. Q3 '22

Growth Strategy Focused on Hotels that Generate Higher Royalties per Unit

Global Overall >625,000 rooms

Domestic Upscale +11% units YoY

Domestic Extended Stay +13% units YoY

New hotels added within a brand generated: +20% Higher royalty revenue versus hotels exiting the brand[1]

RevPAR Growth

+12.1% vs. Q3 '19

Exceeded 2019 RevPAR levels for **28** consecutive months

* All results include the impact of the Radisson Americas acquisition. All figures reflect domestic results, except where otherwise noted. For comparative purposes, domestic RevPAR and the effective royalty rate baseline for 2019 and 2022 is inclusive of the Radisson Americas acquisition. Throughout this presentation, Radisson Hotels Americas is referred to as Radisson Americas.

1. Year-to-date through September 30, 2023, on average.

Third Quarter 2023 Financial Performance

Revenues

$425.6M
Total revenues
Quarterly record
+3% YoY

$15.5M
Platform & procurement services fees
+8% YoY

$148.5M
Royalty, licensing & management fees[1]
+6% YoY

Profitability

$155.9M
Adj. EBITDA[2]
Quarterly record
+12% YoY

$1.82
Adj. diluted EPS
+17% YoY

Integration Synergies

$84M
of annual recurring synergies achieved

Shareholder Returns

$550M

8%
of shares outstanding[3]

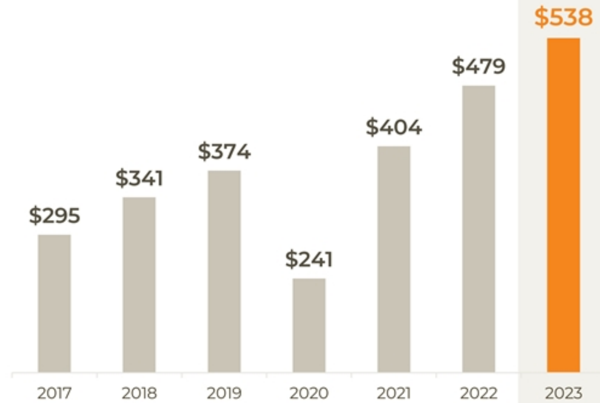
Leverage

2.7x Reported leverage ratio below the target of 3-4x

* All results include the impact of the Radisson Americas acquisition.
1. Excluding the one-time exit of the 110 Woodspring Suites hotels in third quarter 2022.
2. Reported net income was $92.0 million for the third quarter 2023.
3. $550 million reflects $54.8 million in cash dividends and $495.2 million in share repurchases that the company returned to shareholders over the last trailing 12 months ended September 30, 2023. Over the trailing 12 months ended September 30, 2023, the company repurchased 4.1 million shares of common stock, representing nearly 8% of the shares outstanding as of September 30, 2022.

PROFITABILITY (AS REPORTED ADJUSTED EBITDA) AND GROWTH RATES

	2017	2018	2019	2020	2021	2022	2023
Growth YoY	-	16%	10%	-35%	67%	19%	12%
YoY Organic Growth[2]	-	11%	10%	-35%	67%	14%	8%



* Note: 2023 Adjusted EBITDA equals midpoint of updated guidance; all figures are as reported on each Q4/FY earnings release.

1. Excluding COVID-impacted 2020.
2. 2018 normalizes for the impact of Woodspring acquisition, 2022 normalizes for the impact of the Radisson Americas acquisition, and 2023 adjusts for the impact of the Radisson Americas acquisition, owned asset sales, and the one-time strategic termination of 110 Blackstone owned Woodspring Suites hotels in third quarter 2022.

2

A Compelling Combination with Wyndham Hotels & Resorts

Choice's Highly Attractive Proposal Creates Value for Both Wyndham and Choice Shareholders

COMPELLING PROPOSAL WITH A SUBSTANTIAL PREMIUM

- $90.00[1] per share, including:
  - $49.50 per share in cash
  - 0.324 per share in Choice stock for each Wyndham share
  - A cash or stock election mechanism, which provides Wyndham shareholders with ability to choose either cash, stock, or a combination of cash and stock consideration, subject to a customary proration mechanism
- 26% premium to Wyndham's 30-day volume-weighted average closing price ending on October 16, 2023
- 11% premium to Wyndham's 52-week high, and a XX% premium to Wyndham's latest closing price

1 **Mix of cash and stock enables Wyndham shareholders to both realize immediate value creation and share in the significant upside potential**

- Proposal implies a $9.8 billion Enterprise Value, representing 14.9x EV/2023 Consensus EBITDA Multiple
- Enables Wyndham shareholders to benefit from Choice's historically 3x higher EBITDA multiple on go-forward basis

2 **Combines two highly cash flow generative businesses to create a strong proforma financial profile**

- Combined company expected to generate predictable high free cash flow through an asset-light, fee-for-service model that:
  - Supports rapid deleveraging and enables additional investments for future growth
  - Creates additional capacity to further support Choice's revenue intense strategy, ultimately helping drive growth across organic revenue levers
- On a proforma synergized basis, combined company is expected to generate proforma EBTIDA of over $1.4 billion in 2024

3 **Creates meaningful synergies expected to translate into more than $2 billion[2] in value creation**

- Combined company is expected to generate annual run-rate synergies of approximately $150 million through rationalization of operational redundancies, duplicate public company costs, and topline growth potential

1. $90.00 based on Choice unaffected share price as of October 16, 2023.
2. $150M x Choice multiple.

Choice Has Continuously Attempted to Address Wyndham's Concerns

Despite Choice's best efforts, Wyndham has repeatedly made it clear they were unwilling to engage in further discussions and negotiate a deal in the best interest of their shareholders...

Choice asks the Wyndham Board... **What's the harm in engaging?**

WYNDHAM'S CONCERNS	CHOICE'S SOLUTIONS
X "Proposal does not provide necessary protections and value for Wyndham Shareholders to compensate for prolonged and uncertain regulatory process."	✓ Choice is prepared to discuss a holistic solution to address Wyndham's concerns if they are willing to reengage ✓ Choice is confident that the transaction can be completed in a reasonable timeline without undue risk to shareholders of either company ✓ Choice is willing to provide meaningful deal certainty and protections to Wyndham's shareholders
X "Wyndham has appropriate value and premium for its business, which reflects its strong, long-term growth prospects as a standalone company."	✓ Nearly **15x multiple** of consensus Wyndham '23 EBITDA, a **multiple never achieved since its spin** ✓ Participation in the **over $2B of value creation from synergy realization**
X "Transaction consideration mix does not expose Wyndham to Choice's share price volatility pre-transaction, but exposes it to a constrained balance sheet post closing."	✓ Choice is willing to offer transaction terms that provide appropriate levels of **risk mitigation, certainty and upside opportunity for Wyndham shareholders** ✓ Free cash flow profile of the combined business provides flexibility to support investment in growth and rapid deleveraging

Wyndham Has Mischaracterized the Facts

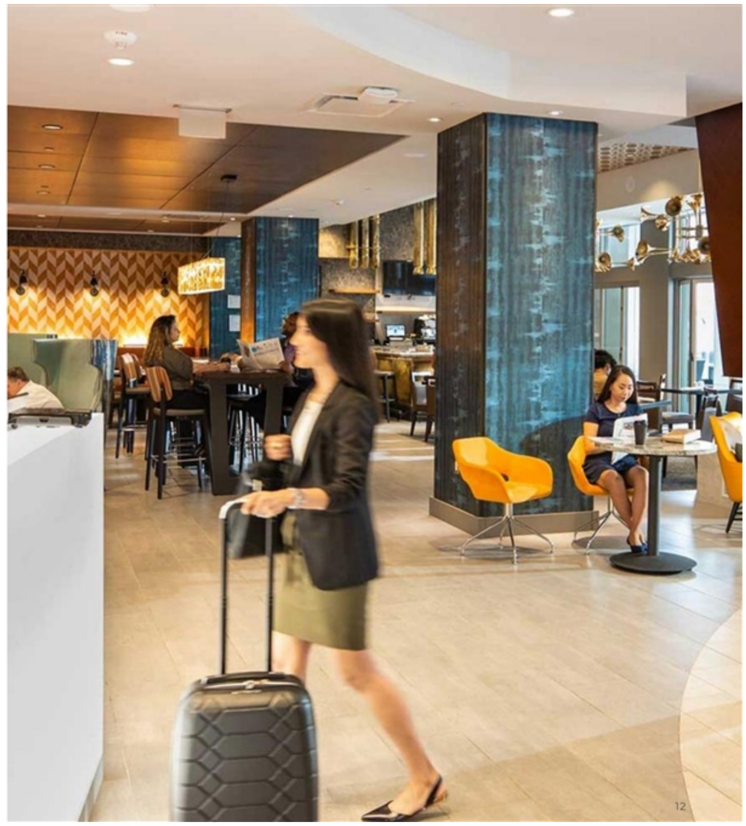
THE REALITY…

The Parties Were in a Negotiable Range	✓ Choice enhanced its offer on multiple occasions, addressing the key concerns raised by Wyndham's Board, and received verbal indication that we were within a negotiable range with respect to value and consideration mix ✓ Despite Choice's best efforts, Wyndham never provided a counter-offer and continually raised new hurdles to obstruct deal progress
Choice Offered Wyndham the Opportunity to Conduct Diligence Through a One-Way NDA	✓ Wyndham proposed a 36-month NDA with an 18-month standstill at a time when their engagement was limited, cursory, and dismissive, which would have had the effect of limiting Choice's ability to take its compelling offer to Wyndham's shareholders ✓ Wyndham chose not to diligence Choice. Choice attempted to address Wyndham's concerns with respect to the value of the share consideration through a one-way NDA, which would have allowed Wyndham to review Choice's private data (3-year revenue, EBITDA, and free cash flow projections)
There is a Clear Path to Completion	✓ Choice is well advised and confident in the ability to obtain all required regulatory approvals in a reasonable timeframe ✓ Choice is prepared to discuss a holistic solution to address Wyndham's concerns if they reengage and believes there are numerous possibilities to allocate risk in an appropriate manner to provide meaningful protection and certainty to Wyndham's shareholders
Choice and Wyndham Would Seamlessly Integrate	✓ Choice has a proven track-record of successful integrations and post-acquisition strategy execution as demonstrated by the Woodspring transaction and recent Radisson transaction, which delivered increased financial benefits to franchisees and shareholders and exceeded initial synergy estimates in an expedited timeframe ✓ Significant free-cash-flow production of the proforma business further supports ongoing pro-competitive investments, execution on revenue intense strategy, and ability to drive growth across its organic revenue growth levers
Transaction Has Strong Franchisee Support	✓ Encouraged by positive sentiment from franchisees of both companies, who acknowledge the significant benefits this combination would provide: (1) increased direct contribution, (2) lower operating costs, and (3) an enhanced reward program ✓ Since the announcement, we have spoken with thousands of hotel owners. There is significant enthusiasm about the opportunity for Choice to combine with Wyndham and help them save money and drive more direct bookings

Choice Encourages the Wyndham Board to Resume Discussions to Pursue Value Creation Opportunities for All Stakeholders

3

Appendix



2023 Revenue Sensitivities

1%	1 bps	1%
Increase in RevPAR	Increase in effective royalty rate	Increase in unit growth in the higher revenue segments[1]
=$5M in royalties	=$1M in royalties	=$4.5M in royalties

* All results include the impact of the Radisson Americas acquisition.
1. Represents the company's upscale, midscale, and extended-stay segments.

Non-GAAP Financial Measurements and Other Definitions

The company evaluates its operations utilizing the performance metrics of adjusted EBITDA, 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 6, 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, 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, performance under limited debt payment guaranties 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: Adjusted SG&A and adjusted EBITDA 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. 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.

Non-GAAP Financial Measurements and Other Definitions

Occupancy

Occupancy represents the total number of room nights sold divided by the total number of room nights available at a hotel for a given period. Occupancy measures the utilization of the hotels' available capacity. Management uses occupancy to gauge demand at a specific hotel or group of hotels in a given period. The company calculates occupancy based on information as reported by its franchisees. To accurately reflect occupancy, the company may revise its prior years' operating statistics for the most current information provided.

Average Daily Rate (ADR)

ADR represents hotel room revenue divided by the total number of room nights sold for a given period. ADR measures the average room price attained by a hotel and ADR trends provide useful information concerning the pricing environment and the nature of the customer base of a hotel or group of hotels. ADR is a commonly used performance measure in the industry, and management uses ADR to assess pricing levels that the company is able to generate. The company calculates ADR based on information as reported by its franchisees. To accurately reflect ADR, the company may revise its prior years' operating statistics for the most current information provided.

RevPAR

RevPAR is calculated by dividing hotel room revenue by the total number of room nights available to guests for a given period. Management considers RevPAR to be a meaningful indicator of hotel performance and therefore company royalty and system revenues as it provides a metric correlated to the two key drivers of operations at a hotel: occupancy and ADR. The company calculates RevPAR based on information as reported by its franchisees. To accurately reflect RevPAR, the company may revise its prior years' operating statistics for the most current information provided. RevPAR is also a useful indicator in measuring performance over comparable periods.

Pipeline

Pipeline is defined as hotels awaiting conversion, under construction or approved for development, and master development agreements committing owners to future franchise development.

Reconciliation of Non-GAAP Measures

ADJUSTED NET INCOME AND ADJUSTED DILUTED EARNINGS PER SHARE (EPS)				
($ millions)	Q3 2023*	Q3 2022*	FY 2023*	FY 2022*
Net income	**$ 92.0**	**$ 103.1**	**$ 261.7**	**$ 332.2**
Adjustments:				
Loss on impairment of unconsolidated joint ventures	-	-	-	(12.2)
(Gain) Loss on sale of business & assets, and impairments, net	-	(10.1)	-	-
Operational restructuring charges	1.1	4,1	29.4	5,1
Due diligence and transition costs	7.3	14.1	-	25.0
Exceptional allowances attributable to COVID-19	-	-	-	(0.9)
Net reimbursable surplus from franchised and managed properties	(8.0)	(7.2)	5.9	(39.2)
Extraordinary termination fees from franchisee	-	(17.1)	-	(17.2)
Adjusted Net Income	**$ 92.4**	**$ 87.5**	**$ 297.0**	**$ 292.6**
Diluted Earnings Per Share	**$ 1.81**	**$ 1.85**	**$ 5.10**	**$ 5.99**
Adjustments:				
Loss on impairment of unconsolidated joint ventures	-	-	-	(0.22)
Gain on sale of business & assets, and impairments, net	-	(0.18)	-	-
Operational restructuring charges	0.02	0.07	0.58	0.09
Exceptional allowances attributable to COVID-19	-	-	-	(0.02)
Net reimbursable surplus from franchised and managed properties	(0.15)	(0.13)	0.12	(0.71)
Extraordinary termination fees from franchisee	-	(0.31)	-	(0.31)
Due diligence and transition costs	0.14	0.26	-	0.45
Adjusted Diluted Earnings Per Share (EPS)	**$ 1.82**	**$ 1.56**	**$ 5.80**	**$ 5.27**

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

Reconciliation of Non-GAAP Measures

ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION ("EBITDA") ($ millions)	Q3 2023*	Q3 2022*	FY 2023*	FY 2022*	FY 2021*	FY 2020*	FY 2019*	FY 2018*	FY 2017*
Net income	**$ 92.0**	**$ 103.1**	**$ 254.8**	**$ 332.2**	**$ 289.0**	**$ 75.4**	**$ 222.9**	**$ 216.4**	**$ 122.3**
Income taxes	29.2	33.7	81.8	104.7	87.5	(22.4)	47.1	56.9	126.9
Interest expense	16.2	9.4	64.2	43.8	46.7	49.0	46.8	45.9	45.0
Interest income	(1.9)	(2.3)	(7.1)	(7.3)	(5.0)	(7.7)	(10.0)	(7.5)	(5.9)
Other (gains) losses	1.3	2.3	(3.7)	7.0	(5.1)	(4.5)	(4.9)	1.4	(3.2)
Loss on extinguishment of debt	-	-	-	-	-	16.6	7.2	-	-
Equity in operating net loss of affiliates, net of impairments	(1.8)	(1.1)	(1.6)	(1.9)	3.4	9.0	9.6	5.3	4.5
Loss on impairment of unconsolidated joint ventures	-	-	-	(16.1)	12.7	21.0	-	-	-
Gain on sale of business & assets, and impairments, net	-	(13.4)	-	-	-	-	14.9	7.0	(1.4)
Depreciation and amortization	9.6	8.7	49.2	30.4	24.8	25.8	18.8	14.3	6.7
Mark to market adjustments on non-qualified retirement plan investments	(0.9)	(1.4)	3.9	(5.9)	5.6	4.1	4.8	(1.3)	3.2
Operational restructuring charges	1.4	5.4	42.1	6.7	0.8	9.6	1.5	-	-
Share-based compensation	5.9	4.7	20.4	19.1	11.4	3.8	8.8	-	-
Due diligence and transaction costs	9.7	19.5	-	32.9	-	-	-	-	-
Exceptional allowances attributable to COVID-19	-	-	-	(1.2)	5.2	7.3	-	-	-
Extraordinary termination fees from franchisees	-	(22.6)	-	(22.6)	-	-	-	-	-
Net reimbursable surplus from franchised and managed properties	(7.9)	(8.8)	18.6	(52.1)	(83.4)	44.3	1.7	(9.4)	(20.2)
Limited payment guarantee charge	-	-	1.6	-	-	-	-	-	-
Acquisition related transition and transaction costs	-	-	-	-	-	-	-	6.9	4.0
Expenses associated with legal claims	-	-	-	-	3.0	3.0	-	-	-
Acceleration of executive succession plan & executive termination benefits	-	-	-	-	-	-	-	-	12.0
Franchise agreement acquisition costs amortization	3.0	2.3	10.8	9.0	7.5	6.4	4.5	5.1	4.1
Adjusted EBITDA	**$ 155.9**	**$ 139.4**	**$ 535.0**	**$ 478.6**	**$ 403.6**	**$ 240.7**	**$ 373.7**	**$ 341.0**	**$ 298.0**

REVENUES, EXCLUDING REIMBURSABLE REVENUE FROM FRANCHISED AND MANAGED PROPERTIES AND EXTRAORDINARY TERMINATION FEES FROM FRANCHISEE ($ millions)	Q3 2023	Q3 2022	FY 2022*	FY 2021*	FY 2020*	FY 2019*	FY 2018*	FY 2017*
Total revenues	**$ 425.6**	**$ 414.3**	**$ 1,401.9**	**$ 1,069.3**	**$ 774.1**	**$ 1,114.8**	**$ 1,041.3**	**$ 941.3**
Adjustments:								
Reimbursable revenue from franchised and managed properties	(206.0)	(190.6)	(682.6)	(528.8)	(402.6)	(577.4)	(543.7)	(499.6)
Extraordinary termination fees from franchisee/ Non-hotel franchising revenues	-	(22.6)	(22.6)			-	(14.3)	(10.8)
Revenues, excluding reimbursable revenue from franchised and managed properties and extraordinary fees from franchisee	**$ 219.6**	**$ 201.0**	**$ 696.7**	**$ 540.5**	**$ 371.5**	**$ 537.4**	**$ 483.4**	**$ 430.9**

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

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