Cambria Hotels, Houston, TX

Investor Presentation

February 16, 2022

Forward-looking Statements

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

Several factors could cause actual results, performance or achievements of the company to differ materially from those expressed in or contemplated by the forward-looking statements. Such risks include, but are not limited to, continuation, resurgence or worsening of the COVID-19 pandemic, including with respect to new strains or variants; the rate and pace of vaccination in the broader population; changes in consumer demand and confidence, including the impact of the COVID-19 pandemic on unemployment rates, consumer discretionary spending and the demand for travel, transient and group business; the impact of COVID-19 on the global hospitality industry, particularly but not exclusively in the U.S. travel market; the success of our mitigation efforts in response to the COVID-19 pandemic; the performance of our brands and categories in any recovery from the COVID-19 pandemic disruption; the timing and amount of future dividends and share repurchases; changes to general, domestic and foreign economic conditions, including access to liquidity and capital as a result of COVID-19; future domestic or global outbreaks of epidemics, pandemics or contagious diseases, or fear of such outbreaks; changes in law and regulation applicable to the travel, lodging or franchising industries; foreign currency fluctuations; impairments or declines in the value of the company's assets; operating risks common in the travel, lodging or franchising industries; changes to the desirability of our brands as viewed by hotel operators and customers; changes to the terms or termination of our contracts with franchisees and our relationships with our franchisees; our ability to keep pace with improvements in technology utilized for marketing and reservations systems and other operating systems; the commercial acceptance of our Software-as-a-Service (“SaaS”) technology solutions division's products and services; our ability to grow our franchise system; exposure to risks related to our hotel development, financing and ownership activities; exposures to risks associated with our investments in new businesses; fluctuations in the supply and demand for hotel rooms; our ability to realize anticipated benefits from acquired businesses; impairments or losses relating to acquired businesses; the level of acceptance of alternative growth strategies we may implement; cyber security and data breach risks, including ransomware attacks; ownership and financing activities; hotel closures or financial difficulties of our franchisees; operating risks associated with our international operations, especially in areas currently most affected by COVID-19; the outcome of litigation; and our ability to effectively manage our indebtedness and secure our indebtedness. These and other risk factors are discussed in detail in the company's filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K. 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.

Ascend Hotel Collection, Hotel Petaluma, CA

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1 Company Overview

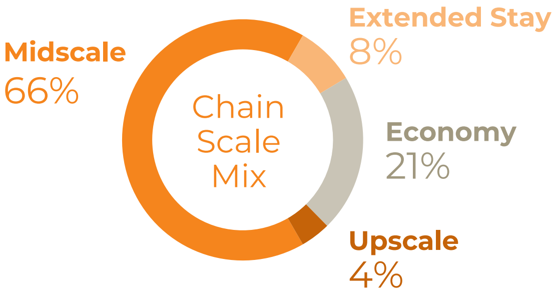

Cambria Hotels, Sonoma, CA

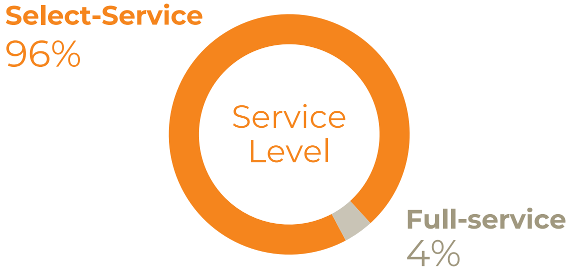
Choice Hotels is one of the world's largest hotel companies with over 80 years of success building a portfolio of diversified brands

1 in 10
hotels in the U.S. is a Choice Hotels brand

Only lodging company
~100%
franchised and with no managed properties[1]

>7,000	35	>900	>13,500	>51 million
Open Hotels Globally	Countries & Territories Worldwide	Hotels in Global Pipeline	Franchise Owners	Loyalty Members





Choice Hotels is positioned at the intersection of franchising, hospitality and technology

ASCEND® CAMBRiA® Comfort® Sleep® Quality® CLARION® clarion pointe® MainStay SUITES® EVERHOME SUITES® WOODSPRING SUITES® Suburban® EconoLodge® RODEWAY INN®

UPSCALE	MIDSCALE	EXTENDED STAY	ECONOMY

[1] Choice owns 6 hotels as of December 31, 2021, with a plan to divest them within a five-year period.

Investment Thesis

Choice Hotels is well-positioned for long-term growth across revenue and profitability levers

1

Asset-light franchising model generating strong and predictable free cash flow and high ROI

2

Strong net unit and revenue growth driven across more revenue intense segments and locations

3

North America's midscale leader with strength in extended stay and a history of impressive performance

4

Outsized exposure to attractive leisure markets and "drive to" locations

5

Strong and flexible balance sheet with proven track record of financial discipline and ample liquidity

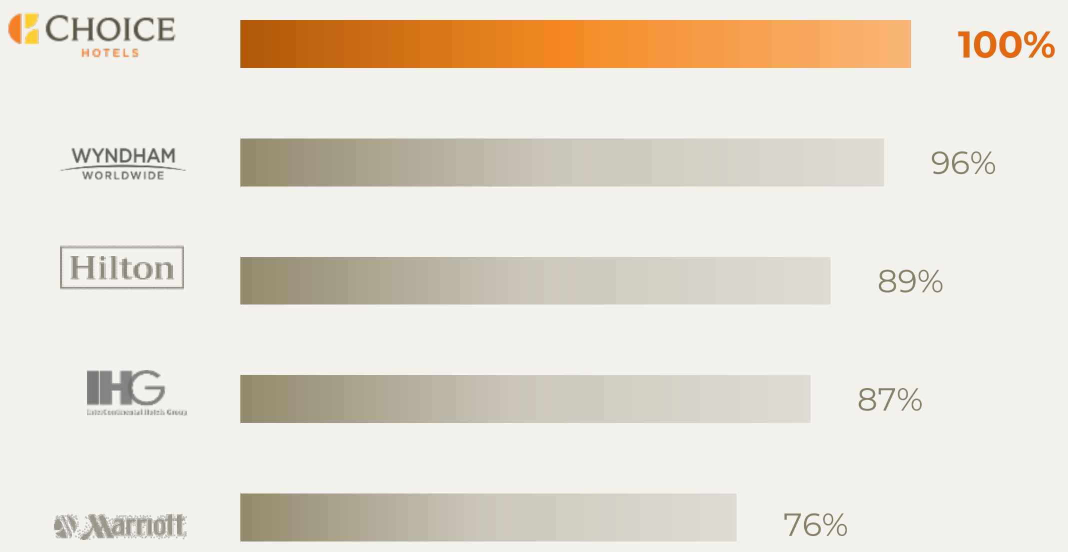
6

Experienced management team focused on continuing to drive long-term growth

The company’s franchise-focused business model generates predictable free cash flow and strong returns on investments throughout economic cycles or a crisis

Choice is a leading industry franchisor[1]

% of domestic franchised hotels



Asset-light cycle-resilient fee-based business model

- Leverages real estate footprint without significant asset ownership and generates high ROI
- Limited exposure to operating costs and capital requirements associated with owned assets
    - **~$30 to $35 million** in annual capital expenditure spend historically
- Franchisees’ low debt levels provide financial flexibility in down cycles and/or during the crisis while risk is diversified across **13,500** owners and **over 7,000** hotels (i.e., a typical franchisee owns 1 hotel)
- Midscale and economy hotels can generate positive cash flow even at low occupancy levels

[1] Choice owns 6 hotels as of December 31, 2021, with a plan to divest them within a five-year period.

The strategic investments the company have made, both before and during the pandemic, have strengthened its ability to create long-term shareholder value

Strategic Focus Areas

Brand Growth

Launched and **enhanced brands** in each of the strategic segments (**Extended Stay, Midscale, Upper-Midscale, Upscale**), leading to higher revenue intensity and a more diversified brand portfolio

Value Proposition Enhancements

Enhanced guest delivery, **strengthened** marketing and reservation systems and franchisee tools while **reducing** the cost of operating hotels

Platform Expansion

Bolstered platform capabilities through strategic partnerships that drive incremental revenue to the existing portfolio (e.g., Bluegreen Vacations, Penn National Gaming, etc.)

The deliberate investments in brand growth enabled Choice to capture more share of consumer demand and emerge as a stronger company than we were two years ago

Achievements (2019-2021)[1]

Brand Growth

Drove growth across the higher value and more revenue-intense segments

+4% increase in revenue intensity of overall portfolio mix

2x higher revenue generated per unit entering the system versus unit exiting[2]

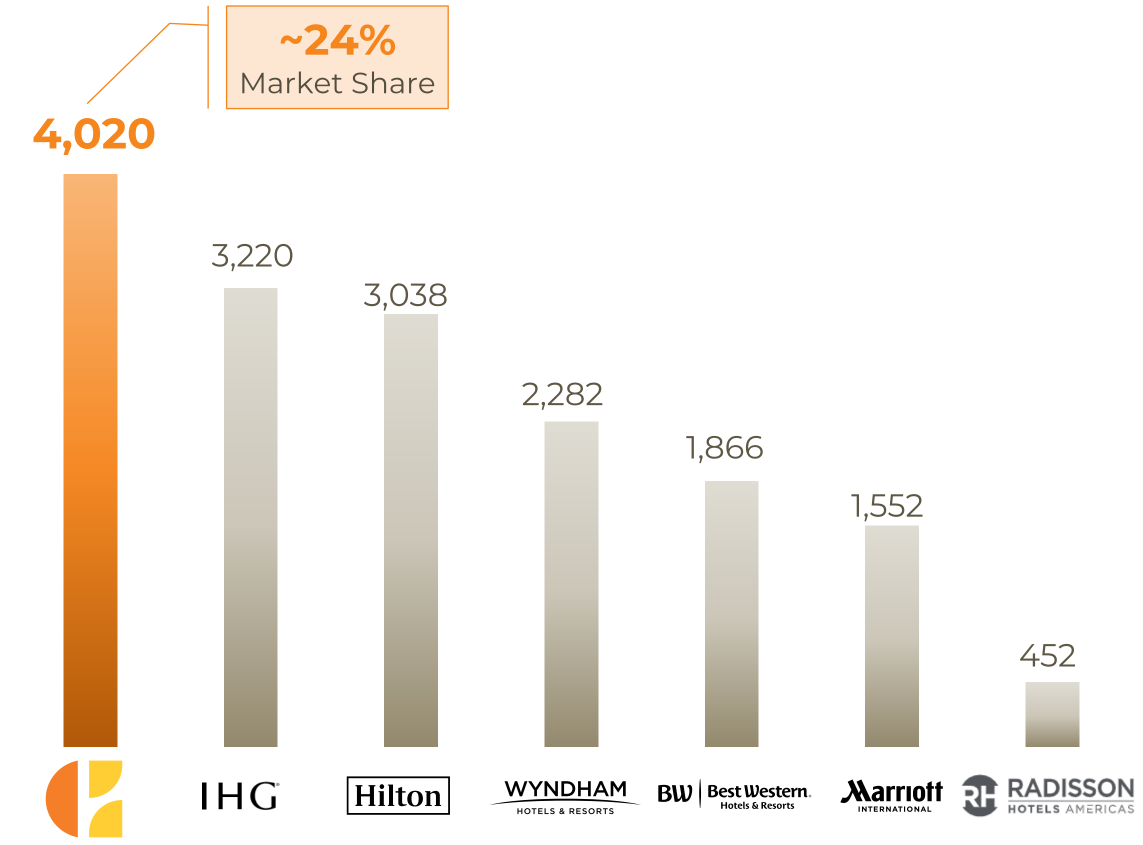
1. Strengthened leadership role in Midscale segment
   - Achieved RevPAR Index gains of **over 450** bps versus local competitors for full-year 2021
   - Completed Comfort M2M transformation (**2** consecutive years of growth); launched new Comfort prototype
   - Grew Clarion Pointe portfolio **6x** to **43** hotels
2. Further invested in the Extended Stay segment and accelerated growth of the portfolio
   - Increased portfolio to **474** domestic units and **over 340** hotels in the pipeline
   - Launched Everhome Suites brand
3. Expanded Upscale positioning
   - Increased number of Cambria units by **14%**
   - Launched new Cambria prototype designed for secondary and leisure markets

1 All variances compared to 2019.
2 In 2021, on average; expected to further increase in 2022.

Choice Hotels continues to increase market share as a leader in the midscale segment, outperforming the industry's midscale segment

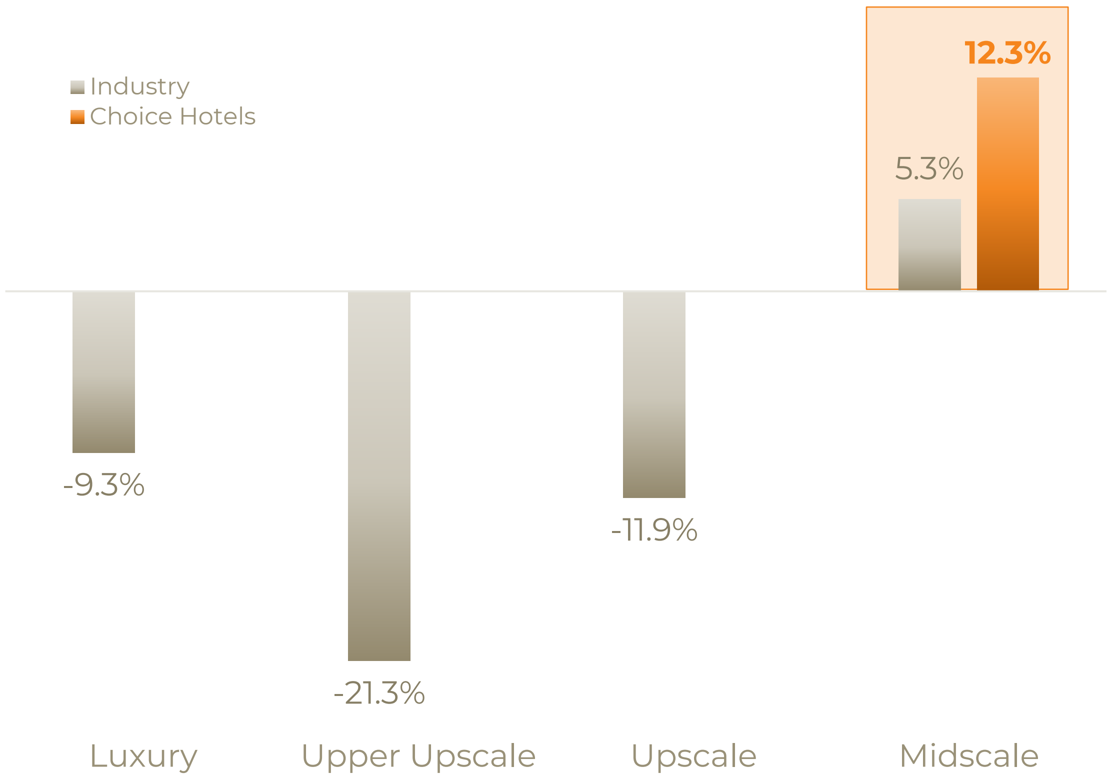
Choice Midscale Domestic Portfolio versus Competitors[1]

of upper-midscale and midscale hotels



Choice Midscale Domestic Portfolio Outperformance versus Industry[1]

Upper-midscale and midscale chain scales RevPAR growth Q4 2021 versus Q4 2019



1 STR Data as of December 2021.

Choice Hotels' extended stay portfolio has proven to be a highly cycle-resilient segment

Choice's strategic focus and prior investments in extended stay continue to drive a competitive advantage

Growing portfolio	**474** domestic extended-stay hotels open, a **6%** increase YoY (over **340** in pipeline) [1]
Owner Profitability	Average WoodSpring Suites GOP approximately **60%** in 2021; **~130%** increase in the brand's website booking revenue since 2018
Lean Operating Model	**Low** break-even occupancy and **steady** margins in practically any economic environment
High Developer Interest	Executed **136** domestic franchise agreements in 2021, an over 27% increase versus 2020
New Brand Launch	Everhome Suites (January 2020) – **first** brand to enter the midscale extended stay segment in nearly a decade; first hotel under construction
Cycle-resilient Segment	In any cycle, overall economy extended stay segment performs on average **10%** higher than the overall industry
Long-Term Growth Opportunity	Industry extended stay segment demand **5x** the size of current supply growth[2]
Longer Length of Stay Travel	Increases in extended vacations, household relocations and temporary remote work assignments favor the extended stay product

1 As of December 2021.
2 Highland Group 2021 US Extended-Stay Hotels Fourth Quarter Report.

Choice continues to build on its significant momentum in the upscale segment – expanding our customer reach and strengthening our portfolio offering

CAMBRiA® hotels

Leisure-focused **select service** brand

57 hotels open and another
71 in development as of Q4 2021

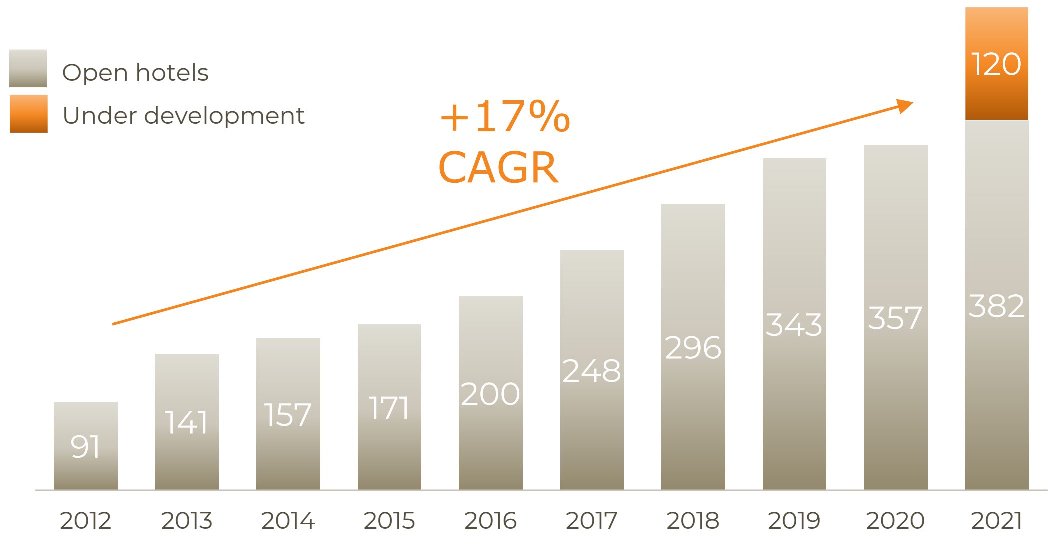
ASCEND® HOTEL COLLECTION

Remains **first** launched and **largest** global soft brand

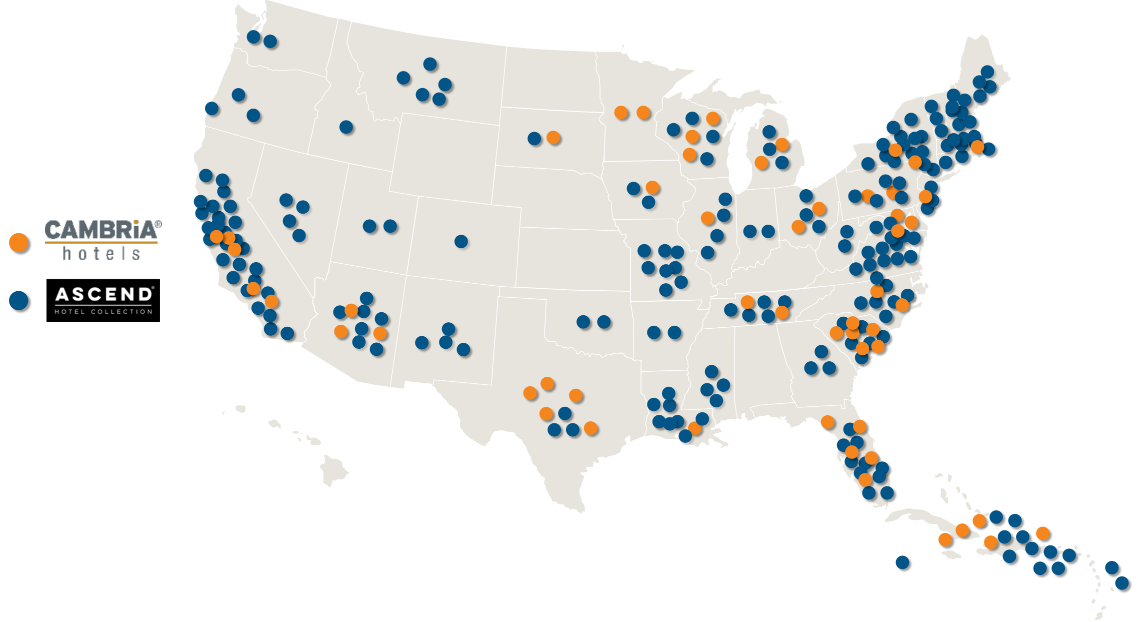
Uniquely positioned to **attract independents**

325 hotels open globally as of Q4 2021

Ascend and Cambria global portfolio



Upscale brand open hotels[1]



1 Includes 22 Penn National Gaming properties.

Deliberate investments in franchisee tools and the platform business enabled Choice to enhance its value proposition and leverage its platform to expand revenue opportunities

Achievements (2019-2021)[1]

Value Proposition Enhancements

Invested in the franchise owners' value proposition and drove their bottom-line profitability

Exceeded 2019 levels of revenue contribution from ChoiceHotels.com and other proprietary digital channels

Achieved RevPAR Index gains of **over 450 bps** driven by enhancements in pricing optimization and merchandising capabilities

Drove efforts to reduce the total cost of ownership (e.g., housekeeping upon request)

Platform Expansion

Entered adjacent business segments through new travel and loyalty partnerships

PENN NATIONAL GAMING, INC. (Q1 2021)

bakkt (Q3 2021)

1 All variances compared to 2019.

As a franchisor, Choice provides strong brands, marketing, reservation and training services to drive profitability of our independent hotel owners and operators

CHOICE HOTELS

Value Proposition

Scale of Choice's customer delivery platform

Award-winning 51+ million member loyalty program

Over $500 million in franchisee-funded marketing and reservation fees allow for investments in best-in-class resources and technology

Negotiated lower OTA rates and other scale benefits for franchise owners

Mutually beneficial long-term franchise agreements

10 to 30-year contracts preserve brand equity through Property Improvement Plans

High voluntary franchisee retention rate

High percentage of new contracts with existing and/or returning owners

Best-in-class franchisee resources & support

Award-winning pricing optimization and merchandising tools

Dedicated revenue management consultants supporting owners

Award-winning proprietary training suite and other franchisee services

Leading-edge, cloud-based property management system

Focus on lowering franchisees' total cost of ownership & driving operating excellence

Low cost-to-build improves franchisees' investment returns, operating profitability and resiliency

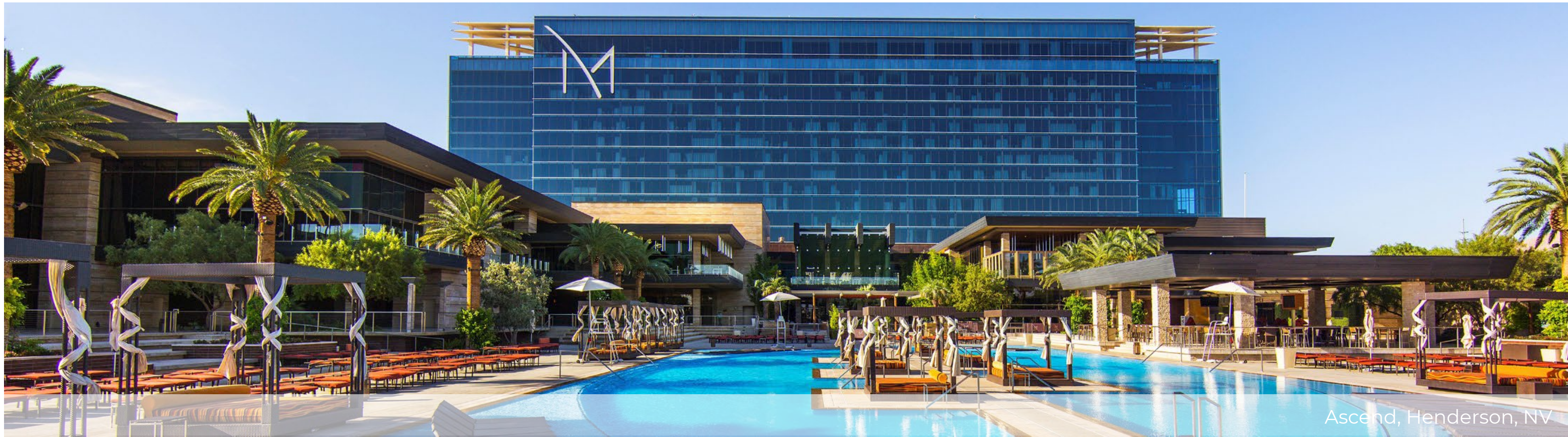
Simplified purchasing process reduces hotel operating costs

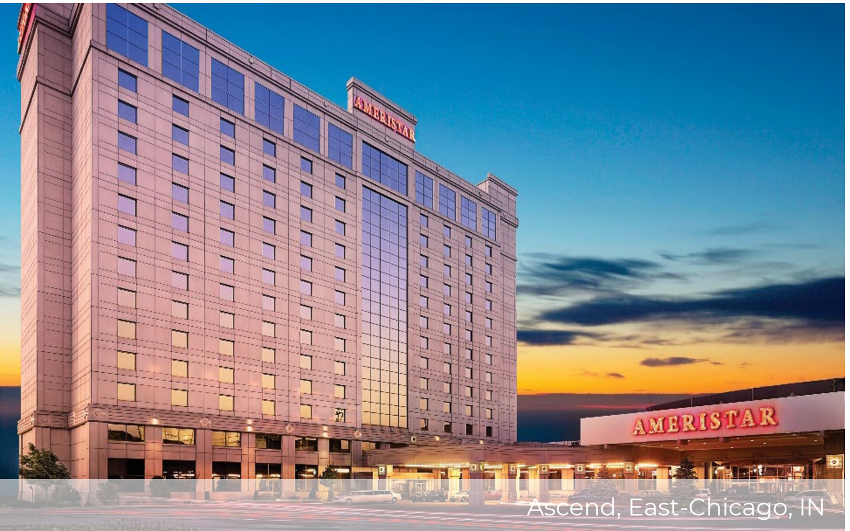
Key tools, programs and services to improve hotel level profitability (e.g., housekeeping upon request, etc.)

Choice's investments in the platform business attracted new franchisees and guests to its portfolio while providing additional value to existing customers

Strategic partnerships with Penn National Gaming and Bluegreen Vacations


Ascend, Bossier City, LA


Ascend, Henderson, NV



Ascend, East-Chicago, IN

Ascend, Riverside, MO


Ascend, Mountain Loft, TN

Domestic leisure travel segment growth is expected to increase from pre-pandemic levels and continue to fuel the performance of our brands

Consumer trends favor domestic leisure travel

4 out of 5
number of domestic leisure trips prior to the pandemic

3x
rate of workers retiring versus pre-pandemic levels

>40 million
projected number of remote workers by 2026

5+ years
number of years road trips have been on the rise

Strategically positioned portfolio

>80%
of portfolio is located domestically

~90%
of hotels are in "drive-to" locations[1]

>4,000
of hotels are within 1 mile of a highway exit

>2,000
properties are near beach locations and National Parks

Domestic leisure traveler as a core guest

80%
of Choice Hotels' domestic guest stays are for leisure

Baby boomers
our key customer segment have more flexibility and disposable income to travel

>97%
of domestic room nights comes from U.S. guests

[1] Dive-to locations defined as small towns, interstate and suburban.

Choice maintains a best-in class balance sheet and industry-leading credit profile

Low leverage and ample liquidity provides flexibility to utilize the balance sheet for additional growth

Full-year 2021:

$1.1B
Available liquidity
Nearly doubled versus 2019[1]

$380M
Cash from operations
42% increase versus 2019

2031
Extended near-term debt maturities through issuance of unsecured notes

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

1.4x
Net leverage ratio

Did not have to renegotiate debt covenants as a result of the pandemic

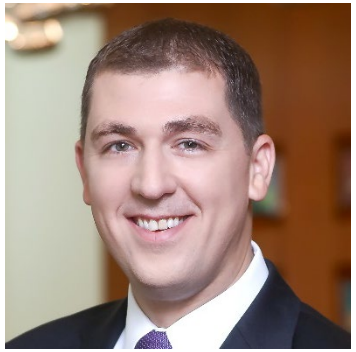
Only lodging company with IG Rating and Stable Outlook[2]

	Choice Hotels	Hyatt	Marriott International	Wyndham Hotels & Resorts	Hilton
Moody's	Baa3	Baa3	Baa3	Ba1	N/A
S&P	BBB-	BB+	BBB-	BB+	BB
Outlook	STABLE	NEG	STABLE/ NEG	STABLE	NEG

1 Includes cash and available borrowing capacity on revolver.
2 Bloomberg data

Disciplined and experienced management team focused on fueling long-term growth

Patrick Pacious
President & Chief Executive Officer



Dominic Dragisich
Chief Financial Officer

Simone Wu
Senior Vice President, General Counsel, Corporate Secretary & External Affairs

David A. Pepper
Chief Development Officer

Janis Cannon
Senior Vice President, Upscale Brands

Patrick Cimerola
Chief Human Resources Officer

Robert McDowell
Chief Commercial Officer

Raul Ramirez
Chief Strategy and International Operations Officer

John Bonds
Senior Vice President, Enterprise Operations and Technology

Scott E. Oaksmith
Senior Vice President, Real Estate & Finance

Comfort Inn & Suites, Boise, ID

2 Business Update

Fourth Quarter and Full-Year 2021 Performance Recap

Domestic Results

RevPAR

2.2% vs. FY '19

Outperformed industry by **+19** percentage points

Outperformed chain scales by **+680** bps

Exceeded guidance by **+120** bps

13.9% vs. Q4 '19

ADR **+9.5%**

Occupancy **+210 bps**

RevPAR Index share gains against local competition versus 2019 for both Q4 and FY '21

Midscale
Surpassed 2019 levels since June 2021

Extended Stay
Exceeded 2019 levels since April 2021

Upscale
Surpassed 2019 levels Since December 2021

Effective Royalty Rate

5.01%

+7 bps vs. '20

Franchisee Collection

rates exceeded 2019 levels

Unit Growth

Revenue generated per unit entering the system vs. unit exiting system[1]

2x higher

+1.6%[2] unit growth vs. '21

Franchise Agreements Awarded

528 in FY '21 | +24% YoY

239 in Q4 '21 | +23% YoY

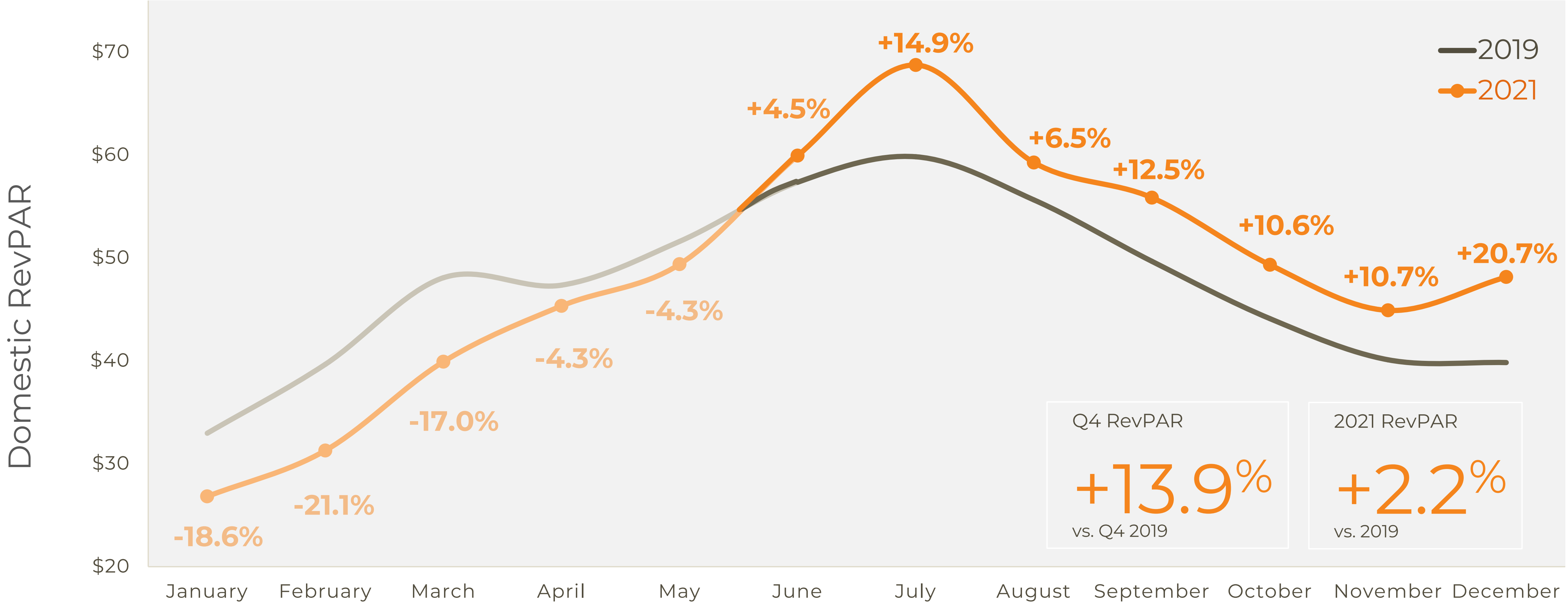
Pipeline

~880 as of year-end 2021

+2% vs. Q3 '21

1 In 2021, on average; expected to further increase in 2022.
2 Excluding the impact of 17 AMResorts®-branded properties and the company exiting 41 underperforming assets from the portfolio in fourth quarter 2021.

Choice Hotels continues to lead the recovery, exceeding 2019 levels for the last seven months in 2021, with trends continuing into the first quarter 2022



January 2022 RevPAR approximately +12% growth versus January 2019

Comfort Inn & Suites, CrossPlex Village, AL


Comfort Inn & Suites, Hurricane, UT


Clarion Pointe, South Boston, VA

Midscale

Comfort Family

- **870 basis points RevPAR growth** outperformance versus the upper-midscale chain scale[1]
- **1.2% YoY** domestic unit growth
- **Highest number of conversion** hotel openings since 2014
- **25% YoY increase** in the brand's domestic franchise agreements and **2x** for new construction hotels

Clarion Pointe

- **Highest number of hotel openings** since the brand's launch in 2018
- **43 hotels open** in the U.S., with another **33** hotels awaiting conversion in 2022

1 Q4 2021 compared to the same period of 2019.

Sleep Inn, Baxley, GA


Quality Suites Pineville-Charlotte, NC

Clarion Pointe, Rochester, NY

Everhome Suites Prototype Exterior Rendering

WoodSpring Suites


Everhome Model Room

Extended Stay

Extended Stay
- **6% YoY** domestic unit growth increase
- **27% YoY increase** in domestic franchise agreements for full-year 2021

WoodSpring Suites
- **Nearly +30% RevPAR growth** driven by occupancy levels of **nearly 79%** and a **16.6%** increase in ADR[1]
- **24% YoY increase** in domestic pipeline (**nearly 190** domestic projects)

Everhome Suites
- **First** hotel is expected to open mid-2022

1 Q4 2021 compared to the same period of 2019.


Everhome Model Room


WoodSpring Suites

WoodSpring Suites, Orlando East, FL

Cambria Hotels, Milwaukee, WI


Ascend Hotel Collection, Hotel Petaluma, CA


Cambria Hotels, Boston, MA

Upscale

Upscale

- **+13%** YoY domestic unit growth increase[1]
- **+86%** YoY increase in domestic franchise agreements for Q4 2021

Cambria

- **5.6%** YoY domestic unit growth
- **Over 12 percentage points** RevPAR index gains versus local competitors for full-year 2021[2]

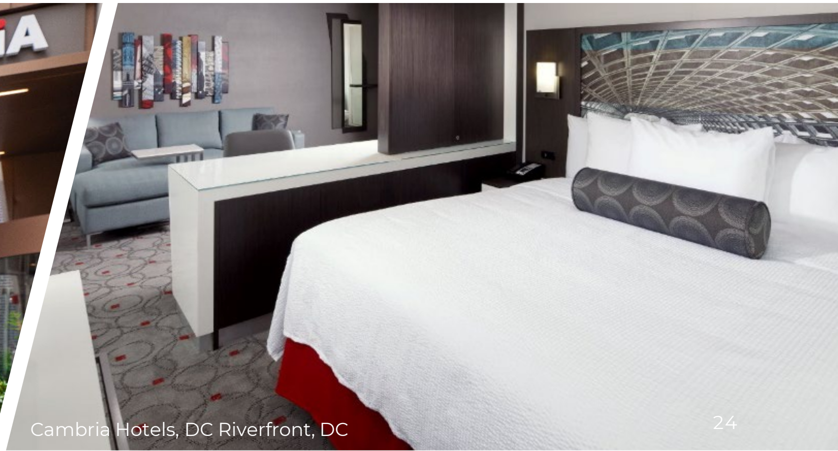
Ascend

- **14%** increase in ADR and nearly 16 percentage points outperformance versus the upscale segment[2]

1 Excludes the impact of the termination of the company's relationship with AMResorts® following its acquisition and the exit from the Ascend Hotel Collection's portfolio of 17 AMResorts®-branded properties in Q4 2021.
2 Q4 2021 compared to the same period of 2019.

Cambria Hotels, Houston, TX

Cambria Hotels, Philadelphia, PA


Cambria Hotels, DC Riverfront, DC

3 Financial Summary and Highlights

Cambria Hotels, Napa, CA

CHOICE HOTELS

Financial Performance Overview

	Q4			FULL YEAR		
	2021	**2019**	**% Growth**	**2021**	**2019**	**% Growth**
Total Revenues	$284.6 M	$268.1 M	6%	$1,069.3 M	$1,114.8 M	-4%
Revenues excl. marketing & reservation system fees	$140.2 M	$130.2 M	8%	$540.5 M	$537.4 M	1%
Net Income	$64.1 M	$42.2 M	52%	$289.0 M	$222.9 M	30%
Adjusted Net Income	$56.2 M	$51.8 M	9%	$241.1 M	$242.0 M	-0.4%
Adj. diluted EPS	$0.99	$0.92 M	8%	$4.29 M	$4.32 M	-1%
Adj. EBITDA	**$95.5 M**	**$83.6 M**	**14%**	**$403.6 M**	**$373.5 M**	**8%**
Cash flow from operations	**$138.5 M**	**$79.6 M**	**74%**	**$383.7 M**	**$270.6 M**	**42%**

New company record for net income, adjusted EBITDA and adjusted EBITDA margin
Adj. EBITDA margin reached **74.7%** for full-year 2021, a **520-bps** increase versus full-year 2019

Choice Hotels maintains a disciplined approach to capital allocation and is committed to driving long-term shareholder value

1

Growth Initiatives

Increase the entire platform's value and maintain Choice Hotels' competitive strength with discretionary investments for organic growth

EXAMPLES:
- Cambria and Everhome development
- Comfort transformation
- New brand launches and prototypes
- Marketing and distribution technology (e.g., new revenue management capability)

2

M&A

Disciplined approach to potential M&A opportunities based on our ability to:

- Improve profitability for existing franchisees
- Accelerate revenue growth

EXAMPLES:
- WoodSpring Suites (2018)
- Suburban (2005)
- Econo Lodge and Rodeway (1990)
- Clarion (1986)

3

Capital Management

Opportunistically return excess cash to shareholders through dividends and share repurchases

First lodging company to return to pre-pandemic dividend levels

Increased quarterly dividend to a level higher than pre-pandemic (January 2022)

Reinstated share repurchase program (May 2021)

EXAMPLES:
- Excess capital returned to shareholders through dividend and share repurchases: $17.6M in January 2022; ~$38M in 2021; ~$80M in 2020; ~$100M in 2019; $53M in dividend payments expected in 2022

Choice Hotels African American resource group (CHAARGE) meeting

4 Environmental Social Governance

Choice has a long-standing commitment to ESG initiatives within and outside the company

AMERICA'S BEST MIDSIZE EMPLOYERS Forbes 2022 POWERED BY STATISTA

Forbes 2021 THE BEST EMPLOYERS FOR DIVERSITY POWERED BY STATISTA

2021 Best Company for DIVERSITY

HUMAN RIGHTS CAMPAIGN FOUNDATION BEST PLACES TO WORK 2022 for LGBTQ+ Equality 100% CORPORATE EQUALITY INDEX

RECOGNIZED AS A 2021 COMPANY THAT IS Leading on Leave national partnership for women & families

CHOICE HOTELS NAMED 2021 BEST PLACE TO WORK FOR DISABILITY INCLUSION BY THE DISABILITY EQUALITY INDEX

Sustainability

- Began a property management dashboard pilot to track utilities usage at the hotel level and identify opportunities for energy, water, waste conservation
- Committed to phasing out single use polystyrene products by year-end **2023** and to make bulk bathroom amenities standard by year-end **2025**[1]
- **~4,000** properties have moved/in process of moving to energy-efficient LEED signage by November 2022
- Introduced housekeeping upon request service, which yielded a reduction of water usage
- Launched the electronic guest services directory and digital check-in which minimized both plastic and paper waste
- Platinum LEED certified headquarters

Diversity & Community Support

- **Nearly 70%** minority owned franchises
- **Over 40%** corporate female associates
- **Over 40%** corporate diverse associates
- Fully dedicated team that drives diverse ownership of Choice franchised hotels among underrepresented and minority owners for **over 15 years**
- Helps those affected by Natural Disasters, including during the pandemic, as a National Disaster Responder Partner of American Red Cross
- Supports servicemembers and families through financial support, employee engagement and room nights with Operation Homefront
- Re-launched Your Community, Your Choice. Choice Hotels **$50,000** Local Business Grant Program

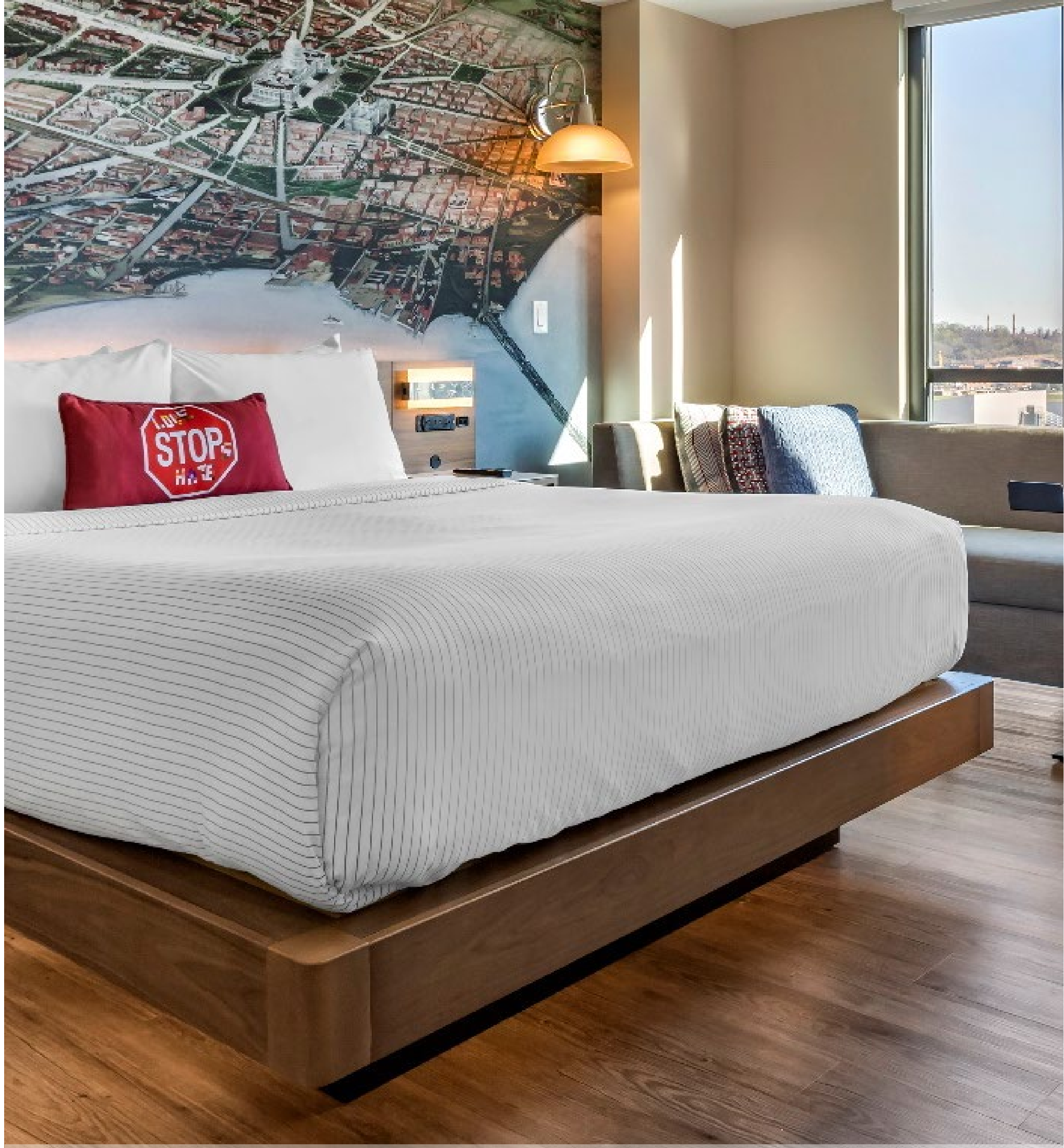
Governance

- Longstanding Board Diversity Committee of **over 15 years**
- Diverse representation on Board of Directors comprising of **30%** female and **30%** diverse directors seats
- Appointed a new diverse female Board member in 2021
- Added **4** new directors in the past **5 years**
- **70%** of directors are independent[2]
- ESG risk oversight by Governance Committee

1 Across domestic brands.
2 CEO and two Bainum family member directors are not considered independent.

For further details see: **Choice Hotels 2021 ESG Report**

5 Appendix



Cambria Hotels, DC Riverfront, DC

Non-GAAP Financial Measurements

The company evaluates its operations utilizing the performance metrics of adjusted EBITDA, adjusted EBITDA margins, adjusted selling, general and administrative (SG&A) expenses, revenues excluding marketing and reservation system activities, adjusted net income and adjusted EPS, which are all non-GAAP financial measurements. These measures, which are reconciled to the comparable GAAP measures in Exhibit 7, should not be considered as an alternative to any measure of performance or liquidity as promulgated under or authorized by GAAP, such as net income, 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, debt-restructuring costs, tax credits related to the rehabilitation and re-use of historic buildings, exceptional allowances recorded as a result of COVID-19's impact on the collectability of receivables, expenses associated with legal claims and gains/losses on sale/disposal and impairment of assets primarily related to hotel ownership and development activities, as well as an office building leased to a third-party to allow for period-over-period comparison of ongoing core operations before the impact of these discrete and infrequent charges.

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

Revenues, Excluding Marketing and Reservation System Activities: The company reports revenues, excluding marketing and reservation system activities. These non-GAAP measures we present are commonly used measures of performance in our industry and facilitate comparisons between the company and its competitors. Marketing and reservation system activities are excluded, as the company's franchise agreements require the marketing and reservation system revenues to be used exclusively for expenses associated with providing franchise services, such as central reservation and property-management systems, reservation delivery and national marketing and media advertising. Franchisees are required to reimburse the company for any deficits generated from these marketing and reservation system activities and the company is required to spend any surpluses generated in future periods. Since these activities will be managed to break-even over time, quarterly or annual surpluses and deficits have been excluded from the measurements utilized to assess the company's operating performance.

Reconciliation of Non-GAAP Measures

ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION ("EBITDA")				
($thousands)	Q4 2021*	Q4 2019*	FY 2021*	FY 2019*
Net income	**$ 64,083**	**$ 42,169**	**$ 288,957**	**$ 222,878**
Income taxes	20,256	11,203	87,535	47,051
Interest expense	11,574	12,072	46,680	46,807
Interest income	(1,264)	(2,379)	(4,981)	(9,996)
Other (gains) losses	(2,228)	(1,623)	(5,134)	(4,966)
Loss on extinguishment of debt	-	7,188	-	7,188
Equity in operating net loss of affiliates, net of impairments	(140)	25	3,407	9,576
Loss on impairment of unconsolidated joint ventures	14,523	-	19,328	-
Gain on sale of unconsolidated joint venture	-	-	(6,860)	-
Loss on sale of business & assets, and impairments, net	269	-	269	14,930
Depreciation and amortization	6,296	6,239	24,773	18,828
Mark to market adjustments on non-qualified retirement plan investments	2,153	1,646	5,555	4,798
Operational restructuring charges	89	1,466	813	1,466
Share-based compensation	3,028	2,547	11,427	8,759
Exceptional allowances attributable to COVID-19	2,080	-	5,167	-
Expenses associated with legal claims	-	-	3,000	-
Marketing and reservation system reimbursable surplus	(27,191)	2,876	(83,897)	1,713
Franchise agreement acquisition costs amortization	1,983	155	7,517	4,484
Adjusted EBITDA	**$ 95,511**	**$ 83,584**	**$ 403,556**	**$ 373,516**

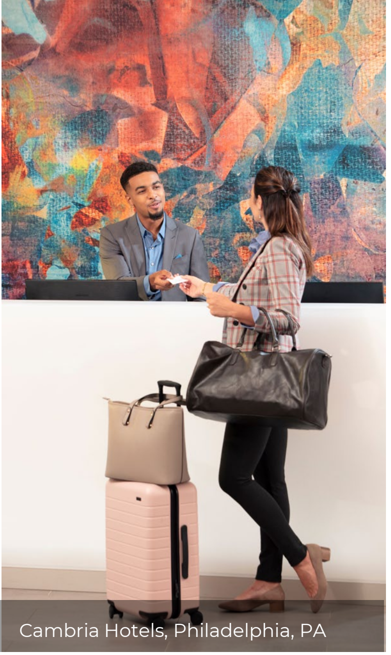
REVENUES, EXCLUDING MARKETING AND RESERVATION ACTIVITIES				
($thousands)	Q4 2021	Q4 2019	FY 2021	FY 2019
Total revenues	**$ 284,638**	**$ 268,084**	**$ 1,069,298**	**$ 1,114,820**
Adjustments:				
Marketing and reservation system activities	(144,463)	(137,873)	(528,843)	(577,426)
Revenues, excluding marketing and reservation activities	**$ 140,175**	**$ 130,211**	**$ 540,455**	**$ 537,394**
Adjusted EBITDA margin	**68%**	**64%**	**75%**	**70%**

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

Reconciliation of Non-GAAP Measures

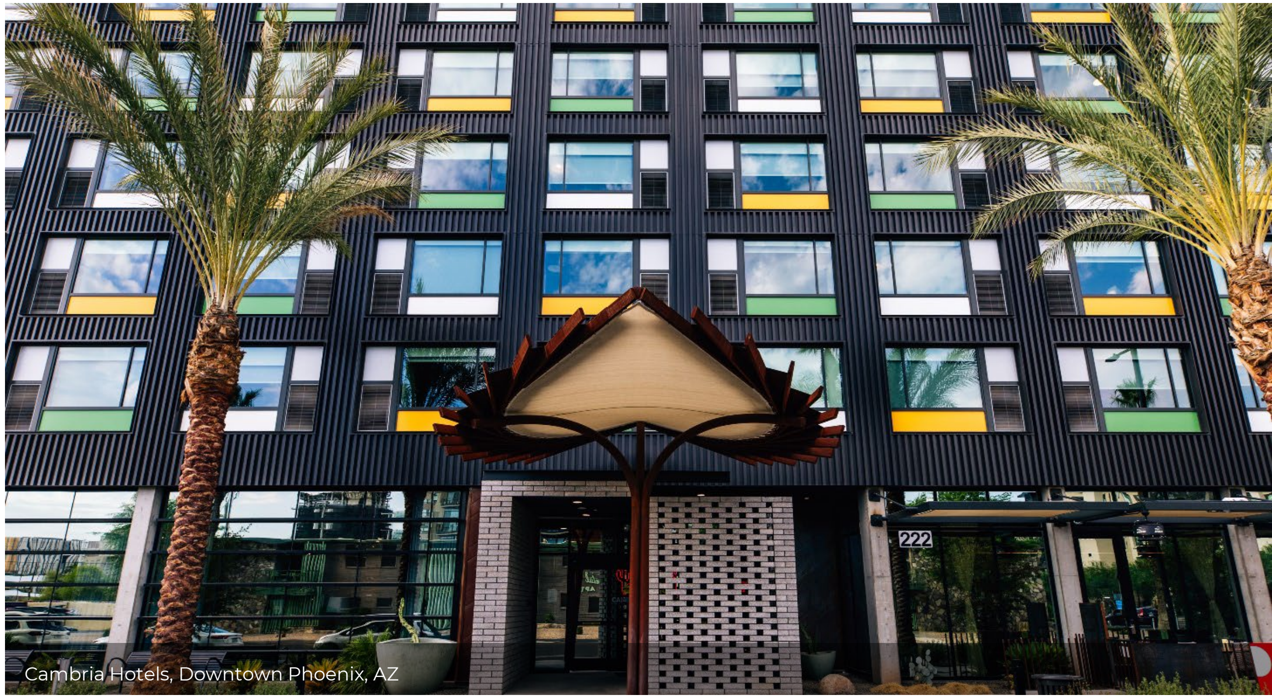
ADJUSTED NET INCOME AND ADJUSTED DILUTED EARNINGS PER SHARE (EPS)				
($thousands)	Q4 2021*	Q4 2019*	FY 2021*	FY 2019*
Net income	**$ 64,083**	**$ 42,169**	**$ 288,957**	**$ 222,878**
Adjustments:				
Loss on extinguishment of debt	-	5,541	-	5,541
Loss on impairment of unconsolidated joint ventures	10,863	-	14,631	-
Gain on sale of unconsolidated joint venture	-	-	(5,193)	-
Loss on sale of business & assets, and impairments, net	201	555	203	17,071
Operational restructuring charges	65	1,130	615	1,130
Exceptional allowances attributable to COVID-19	1,556	-	3,911	-
Expenses associated with legal claims	-	-	2,271	-
Marketing and reservation system reimbursable surplus	(20,602)	2,308	(64,337)	1,376
Sale of tax credits on historic building	-	62	-	(5,973)
Foreign tax benefit on international restructuring	-	-	-	-
Adjusted Net Income	**$ 56,166**	**$ 51,765**	**$ 241,058**	**$ 242,023**
Diluted Earnings Per Share	**$ 1.14**	**$ 0.75**	**$ 5.15**	**$ 3.98**
Adjustments:				
Loss on extinguishment of debt	-	0.10	-	0.10
Loss on impairment of unconsolidated joint ventures	0.19	-	0.26	-
Gain on sale of unconsolidated joint venture	-	-	(0.09)	-
Loss on sale of business & assets, and impairments, net	-	0.01	-	0.30
Operational restructuring charges	-	0.02	0.01	0.02
Exceptional allowances attributable to COVID-19	0.03	-	0.07	-
Expenses associated with legal claims	-	-	0.04	-
Marketing and reservation system reimbursable surplus	(0.37)	0.04	(1.15)	0.03
Sale of tax credits on historic building	-	-	-	(0.11)
Foreign tax benefit on international restructuring	-	-	-	-
Adjusted Diluted Earnings Per Share (EPS)	**$ 0.99**	**$ 0.92**	**$ 4.29**	**$ 4.32**

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


Cambria Hotels, Philadelphia, PA


Cambria Hotels, Houston, TX

Cambria Hotels, Chicago Theater District, IL



Cambria Hotels, Downtown Phoenix, AZ