

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2024
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to
Commission file number 001-13393

CHOICE HOTELS INTERNATIONAL, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or other jurisdiction
of incorporation)

915 Meeting Street
Suite 600
North Bethesda, Maryland
(Address of principal executive offices)

52-1209792
(IRS Employer
Identification Number)

20852
(Zip Code)

Registrant's telephone number, including area code (301) 592-5000

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, Par Value \$0.01 per share	CHH	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer ☒	Accelerated filer	☐
Non-accelerated filer ☐	Smaller reporting company	☐
	Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of common stock of Choice Hotels International, Inc. held by non-affiliates was \$3,360,334,257 as of June 28, 2024 based upon a closing price of \$119.00 per share.

As of February 11, 2025, the number of shares outstanding of Choice Hotels International, Inc.'s common stock was 46,728,074.

DOCUMENTS INCORPORATED BY REFERENCE.

Certain portions of our definitive proxy statement, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A in connection with the Annual Meeting of Shareholders to be held on May 15, 2025, are incorporated by reference under Part III of this Form 10-K.

CHOICE HOTELS INTERNATIONAL, INC.
Form 10-K

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PART I

Throughout this report, we refer to Choice Hotels International, Inc., together with its subsidiaries as "Choice," the "Company," "we," "us," or "our."

Forward-Looking Statements

Certain matters discussed in this report constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Certain, but not necessarily all, of such forward-looking statements can be identified by the use of forward-looking terminology, such as "expect," "estimate," "believe," "anticipate," "should," "will," "forecast," "plan," "project," "assume," or similar words of futurity. All statements other than historical facts are forward-looking statements. These forward-looking statements are based on management's current beliefs, assumptions and expectations regarding future events, which, in turn, are based on information currently available to management. Such statements may relate to projections of our revenue, expenses, 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, revenue per available room, and our 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 our actual results, performance or achievements 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; 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, 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 our 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 our marketing and reservation systems and other operating systems; our ability to grow our franchise system; exposure to risks related to our hotel development, financing, franchise agreement acquisition costs 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. These and other risk factors are discussed in detail in Item 1A. Risk Factors of this 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.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission ("SEC"). Our SEC filings are available to the public over the internet at the SEC's website at <http://www.sec.gov>. Our SEC filings are also available free of charge at the "Investor Relations – Financials" section of our website at <http://www.choicehotels.com> as soon as reasonably practicable following the time that they are filed with or furnished to the SEC. Information on or connected to our website is neither part of nor incorporated by reference into this Annual Report on Form 10-K or any other SEC filings.

Item 1. Business

Overview

We are primarily a hotel franchisor operating in 49 states, the District of Columbia, and 46 countries and territories. As of December 31, 2024, we had 7,586 hotels with 653,810 rooms open and operating, and 964 hotels with 97,325 rooms under construction, awaiting conversion or approved for development, or committed to future franchise development on outstanding master development agreements (collectively, "pipeline") in our global system. Our brand names include Comfort Inn®, Comfort Suites®, Quality®, Clarion®, Clarion Pointe™, Ascend Hotel Collection®, Sleep Inn®, Econo Lodge®, Rodeway Inn®, MainStay Suites®, Suburban Studios™, WoodSpring Suites®, Everhome Suites®, and Cambria® Hotels (collectively, the "legacy Choice brands"). Additionally, through the Radisson Hotels Americas acquisition completed on August 11, 2022, our brands expanded to include Radisson Blu®, Radisson RED®, Radisson®, Park Plaza®, Country Inn & Suites® by

Radisson, Radisson Inn & SuitesSM, Park Inn by Radisson®, Radisson Individuals®, and Radisson Collection® (collectively, the "legacy Radisson brands"), which are located across the United States, Canada, the Caribbean and Latin America (the "Americas").

The hotel franchising business represents the Company's primary operations. The Company's domestic operations are conducted through direct franchising relationships, the ownership of eight Cambria, one Everhome Suites, one Radisson RED, one Radisson Blu, and one Country Inn & Suites open and operating hotels, and the management of 13 hotels (inclusive of four owned hotels), while its international franchise operations are conducted through a combination of direct franchising and master franchising relationships. Master franchising relationships are governed by master franchising agreements which generally provide the master franchisee with the right to use our brands and sub-license the use of our brands in a specific geographic region, usually for a fee. As a result of our master franchise relationships and international market conditions, our revenues are primarily concentrated in the United States. Therefore, our description of our business is primarily focused on the domestic operations, which encompasses the United States.

Our Company generates revenues, income, and cash flows primarily from our hotel franchising operations. Revenues are also generated from partnerships with qualified vendors and travel partners that provide value-added solutions to our platform of guests and hotels, hotel ownership, and other ancillary sources. Historically, the hotel industry has been seasonal in nature. For most hotels, demand is typically lower in November through February than during the remainder of the year. Our principal source of revenue is franchise fees, which is based on the gross room revenues or the number of rooms at our franchised properties. The Company's franchise and managed fees, as well as its owned hotels' revenues, normally reflect the industry's seasonality and historically have been lower in the first and fourth quarters than in the second and third quarters of the year.

Because our primary focus is hotel franchising, we benefit from the economies of scale inherent in the franchising business. The fee and cost structure of our franchising business provides opportunities to improve our operating results by increasing the number of franchised hotel rooms and the effective royalty rates in our franchise contracts resulting in increased initial franchise fees, ongoing royalty and licensing fees, and platform and procurement services fees. In addition, our operating results can also be improved through our company-wide efforts related to improving property-level performance and expanding the number of partnerships with travel-related and other companies with products and services that appeal to our guests.

The primary factors that affect the Company's results are: the number and relative mix of hotel rooms in the various hotel lodging price categories, growth in the number of hotel rooms owned and under franchise, occupancy and room rates achieved by the hotels in our system, the effective royalty rate achieved in our franchise agreements, the level of franchise sales and relicensing activity, the number of qualified vendor arrangements and partnerships and the level of engagement with these partners by our franchisees and guests, and our ability to manage costs. The number of rooms in our hotel system and the occupancy and room rates at those hotel properties significantly affect the Company's results because our fees are based upon room revenues or the number of rooms at owned and franchised hotels. The key industry standard for measuring hotel-operating performance is revenue per available room ("RevPAR"), which is calculated by multiplying the percentage of occupied rooms by the average daily room rate ("ADR") realized. Our variable overhead costs associated with the franchise system growth of our established brands have historically been less than the incremental royalty fees generated from new franchises. Accordingly, over the long-term, the continued growth of our franchise business should enable us to realize the benefits from the operating leverage in place and improve our operating results.

We are required by our franchise agreements to use the marketing and reservation system fees we collect for system-wide marketing and reservation system activities. These expenditures, which include advertising costs and the costs to maintain our central reservations systems, enhance awareness and consumer preference for our brands and deliver guests to our franchisees. Greater awareness and preference promote long-term growth in business delivery to our franchisees and increases the desirability of our brands to hotel owners and developers, which ultimately increases the franchise fees earned by the Company. Additionally, the Company's management agreements include cost reimbursements, which is primarily related to payroll costs at the managed hotels where the Company is the employer.

Our Company articulates its mission as a commitment to our franchisees' profitability by providing our franchisees with hotel franchises that strive to generate the highest return on investment of any hotel franchise. We have developed an operating system dedicated to our franchisees' success that focuses on delivering guests to their hotels and reducing hotel operating costs.

We believe that executing on our strategic priorities creates value for our shareholders. Our Company focuses on the following strategic priorities:

Profitable Growth - Our success is dependent on improving the performance of our hotels, increasing the size of our system by selling additional hotel franchises with a focus on revenue-intense chain scales and markets, improving our effective royalty rate, expanding our qualified vendor and partnership platform programs and maintaining a disciplined cost structure. We attempt to improve our revenues and overall profitability by providing a variety of products and services designed to increase

business delivery and/or reduce operating and development costs. These products and services include national marketing campaigns, a guest loyalty program, a central reservation system, property and yield management programs and systems, revenue management services, quality assurance standards, and qualified vendor relationships and partnerships with companies that provide products and services to our franchisees and guests. We believe that healthy brands, which deliver a compelling return on investment, will enable us to sell additional hotel franchises and raise royalty rates. We have multiple brands that meet the needs of many different types of guests, and can be developed at various price points and applied to both new and existing hotels. This ensures that we have brands suitable for creating growth in a variety of market conditions. Improving the performance of the hotels in our system, strategically growing the system through additional franchise sales, and improving franchise agreement pricing while maintaining a disciplined cost structure are the keys to profitable growth.

Maximizing Financial Returns and Creating Value for Shareholders - Our capital allocation decisions, including our capital structure and the uses of capital, are intended to maximize our return on invested capital and create value for our shareholders. Since our business has not historically required significant reinvestment of capital, we typically utilize cash in ways that management believes provides the greatest returns to our shareholders, which include acquisitions, share repurchases, and dividends. Refer to the Liquidity and Capital Resources section in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for more information regarding our capital returns to shareholders.

In addition to our hotel franchising business, we have also developed or acquired eight Cambria, one Everhome Suites, one Radisson RED, one Radisson Blu, and one Country Inn & Suites open and operating hotels. We intend to continue to strategically develop hotels to increase the presence of our newly introduced brands in the United States, drive greater guest satisfaction and brand preference, and ultimately increase the number of franchise agreements awarded. When developing hotels, we seek key markets with strong growth potential that will deliver strong operating performance and improve the recognition of our brands. Our hotel development and ownership efforts primarily focus on the Cambria Hotels and Everhome Suites brands. We believe our owned hotels provide us the opportunity to support and accelerate the growth of these brands. We do not anticipate owning hotels on a permanent basis and we expect to target dispositions to a franchisee encumbered with a long-term Choice franchise agreement in the future.

A key component of our strategy for owned hotels is to maximize revenues and manage costs. We strive to optimize revenues by focusing on revenue management, increasing guest loyalty, expanding brand awareness with targeted customer groupings, and providing superior guest service. Other than four owned hotels, we currently do not manage our owned hotels but utilize the services of third-party hotel management companies that provide their own employees. We manage costs by setting performance goals for our hotel management companies and optimizing distribution channels.

The Company also allocates capital to financing, investment and guaranty support to incentivize franchise development for certain brands in strategic markets. The timing and amount of these investments are subject to market and other conditions.

We believe our growth investments and strategic priorities, when properly implemented, will enhance our profitability, maximize our financial returns, and continue to generate value for our shareholders.

Our direct real estate exposure is currently limited to activity in the United States, including our owned hotel assets open and under development. In addition, our development activities that involve financing, equity investments, and guaranty support to hotel developers create limited additional exposure to the real estate markets. For additional information, refer to the Investing Activities caption in the Liquidity and Capital Resources section in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Company was incorporated in 1980 under the laws of the State of Delaware.

The Lodging Industry

Companies participating in the lodging industry primarily do so through a combination of one or more of the three primary lodging industry activities: ownership, franchising, and management. A company's relative reliance on each of these activities determines which drivers most influence its profitability.

- Ownership requires a substantial capital commitment and involves the most risk but offers high returns due to the owner's ability to influence its margins by driving RevPAR, managing operating expenses and providing financial leverage. The ownership model has a high fixed-cost structure that results in a high degree of operating leverage relative to RevPAR performance. As a result, profits escalate rapidly in a lodging up-cycle but erode quickly in a lodging downturn as costs rarely decline as fast as revenue. Profits from an ownership model increase at a greater rate from RevPAR growth that is attributable to ADR growth rather than from occupancy gains since there are more incremental costs associated with higher guest volumes as compared to higher pricing.

- Franchisors license their brands to a hotel owner, giving the hotel owner the right to use the brand name, logo, operating practices, and reservations systems in exchange for a fee and an agreement to operate the hotel in accordance with the franchisor's brand standards. Under a typical franchise agreement, the hotel owner pays the franchisor an initial fee, a percentage-of-revenue royalty fee, and a marketing & reservation systems fee. A franchisor's revenues are dependent on the number of rooms in its system and the top-line revenue performance of those hotels. Earnings drivers include RevPAR increases, unit growth, and effective royalty rate improvement. Franchisors enjoy significant operating leverage in their business model since it typically costs little to add a new hotel franchise to an existing system. Franchisors normally benefit from higher industry supply growth because unit growth usually outpaces lower RevPAR resulting from excess supply. As a result, franchisors benefit from both RevPAR growth and supply increases, which aids in reducing the impact of lodging industry economic cycles.
- Management companies operate hotels for the owners that do not have the expertise and/or the desire to self-manage the hotels. These companies collect management fees predominately based on revenues earned and/or profits generated. Similar to franchising activities, the key drivers of revenue-based management fees are RevPAR and unit growth. Similar to ownership activities, profit based fees are driven by improved hotel margins and RevPAR growth.

Similar to other industries, the lodging industry experiences both positive and negative operating cycles. Positive operating cycles are characterized as periods of sustained occupancy growth, increasing room rates, and an increase in hotel development. These cycles usually continue until either the economy sustains a prolonged downturn, conditions create excess supply, or some external factor occurs such as war, terrorism, pandemic, and/or natural resource shortages. Negative operating cycles are characterized by hoteliers reducing room rates to stimulate occupancy and a reduction in hotel development. An industry recovery usually begins with an increase in occupancy followed by hoteliers increasing room rates. As demand begins to exceed room supply, then occupancies and rates will improve. Collectively, these factors will result in an increase in hotel development.

Hotel room supply growth is cyclical as hotel construction responds to interest rates, construction and material supply conditions, capital availability and industry fundamentals. Historically, the lodging industry has added hotel rooms to its inventory through new construction due largely to favorable lending environments that encouraged hotel development. Typically, hotel development continues during favorable lending environments until the increase in room supply outpaces demand. The excess supply eventually results in lower occupancies, which results in hoteliers reducing room rates to stimulate demand, and reduced hotel development. Over time, the slow growth in hotel supply results in increased occupancy rates and allows hotels to again increase room rates. The increase in occupancy and room rates serves as a catalyst for increased hotel development.

As a franchisor with 7,586 opened hotels, including ownership of 12 hotels and management of 13 hotels (inclusive of four owned hotels), we believe we are generally well positioned in any stage of the lodging cycle as our fee-for-service business model has historically delivered predictable and profitable, long-term growth in a variety of lodging and economic environments. We have historically benefited from both the RevPAR gains typically experienced in the early stages of recovery as our revenues are based on our franchisees' gross room revenues, and the supply growth normally occurring in the later stages as we increase our portfolio size.

The Company's portfolio of brands offers both new construction and conversion opportunities. Our new construction brands typically benefit from periods of supply growth and favorable capital availability and pricing. Our conversion brands also benefit from periods of supply growth as the construction of hotels increases the need for existing hotels to seek new brand affiliations. Furthermore, the Company's conversion brands generally benefit from lodging cycle downturns as our unit growth has been historically driven from the conversion of independent and other hotel chain affiliates into our system as these hotels endeavor to improve their performance, which typically outpaces termination of hotels from our system.

The lodging industry can be divided into chain scale categories of generally competitive brands as follows:

Chain Scale	Brand Examples
Luxury	Four Seasons, Ritz Carlton, W Hotel, JW Marriott
Upper Upscale	Radisson Blu, Marriott, Hilton, Hyatt, Sheraton
Upscale	Cambria Hotels, Radisson, Courtyard, Hyatt Place, Hilton Garden Inn
Upper Midscale	Comfort Inn, Country Inn & Suites, Holiday Inn Express, Hampton by Hilton, Fairfield Inn
Midscale	Quality Inn, Sleep Inn, Best Western, Baymont
Economy	Econo Lodge, Super 8, Red Roof Inn, Motel 6

The lodging industry consists of independent operators and those that have joined national hotel franchise chains. Independent operators of hotels not owned or managed by major lodging companies have increasingly joined national hotel franchise chains

as a means of remaining competitive with hotels owned by or affiliated with national lodging companies. Hotel owners also generally have the flexibility to reposition hotels between the various chain scale categories to maximize profitability or for other reasons. For example, owners may choose to reposition a hotel to a higher chain scale through capital investment or a lower chain scale to limit capital outlays depending on the individual requirements of the owner.

Due to the fact that a significant portion of the costs of owning and operating a hotel are generally fixed, increases in revenues generated by affiliation with a hotel franchise chain can improve a hotel's financial performance. The large hotel franchise chains, including us, generally provide a number of support services to hotel operators designed to improve the financial performance of their properties including central reservation and property management systems, marketing and advertising programs, training and education programs, revenue enhancement services, and relationships with qualified vendors to streamline their purchasing processes and make lower cost products available. We believe that national franchise chains with a large number of hotels enjoy greater brand awareness among potential guests and greater bargaining power with suppliers than those with fewer hotels, and that greater brand awareness and bargaining power can increase the desirability of a hotel to its potential guests and reduce operating costs of a hotel. Furthermore, we believe that hotel operators choose lodging franchisors based primarily on the perceived value and quality of each franchisor's brand and its services, and the extent to which affiliation with that franchisor may increase the hotel operator's profitability. We believe these factors enhance the resiliency of hotels affiliated with brands, and as a result, the value proposition of the hotel franchise chains during a negative operating cycle.

Choice's Franchising Business

We operate primarily as a hotel franchisor and deploy our family of 22 brands and brand extensions, which represent both new construction and conversion brands and compete at various hotel consumer and developer price points.

Economics of the Franchising Business - The fee and cost structure of our business provides opportunities for us to improve operating results by increasing the number of franchised hotel rooms, improving RevPAR performance, and increasing the effective royalty rates in our franchise contracts. As a hotel franchisor, we derive our revenue primarily from various franchise fees, which consist primarily of an initial fee and ongoing royalty, marketing and reservation system fees that are typically based on a percentage of the franchised hotel's gross room revenues. The initial fee and the ongoing royalty portion of the franchise fees are intended to cover our operating expenses, which are the expenses incurred in business development, quality assurance, administrative support, certain franchise services, and to provide us with operating profits. The marketing and reservation system fees are used for the expenses associated with marketing, media, advertising, providing a central reservation system, and certain franchise services.

Our fees depend on the number of rooms in our system, the gross room revenues generated by our franchisees, and the effective royalty rates in our franchise contracts. We enjoy significant operating leverage since the variable operating costs associated with the franchise system growth of our established brands have historically been less than the incremental fees generated from new franchises. We believe that our business is well positioned in the lodging industry since we generally benefit from both increases in RevPAR and unit growth from new hotel construction or conversion of existing hotel assets into our system. In addition, improving business delivery to our franchisees should allow us to improve the effective royalty rate in our franchise contracts.

Our family of well-known and diversified brands positions us well within the lodging industry. Our new hotel development brands, such as Cambria Hotels, Comfort, Sleep Inn, WoodSpring Suites, Everhome Suites, and Country Inn & Suites, offer hotel developers an array of choices at various price points for transient and extended stay business during periods of supply growth in the various hotel chain scale categories. Certain of our brands, such as Quality, Clarion Pointe, Ascend Hotel Collection, Econo Lodge, and Radisson, offer conversion opportunities during both industry contraction and growth cycles to independent operators and non-Choice affiliated hotels who desire to affiliate with our brands and take advantage of the services we have to offer.

Strategy - Our mission is a commitment to franchisee profitability by providing our franchisees with hotel franchises that strive to generate the highest return on investment of any hotel franchise. Our business strategy is to create franchise system growth by leveraging Choice's large and well-known hotel brands, franchise sales capabilities, effective marketing and reservation delivery efforts, training and education programs, RevPAR enhancing services, and technologies and financial strength created by our significant free cash flow. We believe that our brands' growth will be driven by our ability to create a compelling return on investment for our franchisees. Our strategic objective is to improve the profitability of our franchisees by providing services which increase business delivery, enhance RevPAR, reduce hotel operating and development costs, and/or improve guest satisfaction. Specific elements of our strategy include building strong brands, delivering exceptional services, reaching more consumers, and leveraging our size, scale and distribution to reduce costs for hotel owners. We believe that by focusing on these elements we can increase the gross room revenues generated by our franchisees by increasing the business delivered to existing franchisees and expanding our market share of franchised hotels in the chain scale categories in which we operate or

seek to operate. Improving the desirability of our brands should also allow us to continue to improve the effective royalty rate in our contracts.

Building Strong Brands - Each of our brands has particular attributes and strengths, including awareness with both consumers and developers. Our strategy is to utilize the strengths of each brand for room growth, RevPAR gains, and royalty rate improvement, all of which will create revenue growth. We believe brand consistency, brand quality, and guest satisfaction are critical in improving brand performance and building strong brands.

We have multiple brands that are positioned to meet the needs of many types of guests. These brands can be developed at various price points and are suitable for both new construction properties and conversion of existing hotels. This flexibility ensures that we have brands suitable for creating room growth in various types of markets, with various types of customers, and during both industry contraction and growth cycles. During times of lower industry supply growth and tighter capital markets, we can target conversions of existing non-Choice affiliated hotels seeking the awareness and proven performance provided by our brands. During periods of strong industry supply growth, we generally expect a greater portion of our room growth to come from our new construction brands. We believe that a large number of markets can still support our hotel brands and that the growth potential for our brands remains strong.

We strive to maintain the strength of our brands by enhancing product consistency and quality. We attempt to achieve consistency and quality for new entrants into the franchise system by placing prospective hotels in the appropriate brand based on the physical characteristics, the expected financial and operating performance, amenities of the hotel, and by requiring property improvement plans, when necessary, to ensure the new hotel meets the quality standards of the brand. Furthermore, we may require hotels currently in our franchise system to execute property improvement plans at specified contractual windows to ensure that they continue to maintain the product consistency and quality standards of the brand.

We believe that each of our brands appeal to the targeted hotel owners and guests because of unique brand standards, marketing campaigns, loyalty programs, reservation delivery, revenue enhancing programs, service levels, and pricing.

Delivering Exceptional Services - We provide a combination of services and technology-based offerings to help our franchisees improve performance. We have field services staff members located nationwide that help franchisees improve RevPAR performance, efficiency of their hotel operations, and guest satisfaction. In addition, we provide our franchisees with education and training programs as well as revenue management technology and services designed to improve property-level performance. These services and products promote revenue gains for franchisees and improve guest satisfaction which translate into both higher royalties for the Company and improved returns for owners, leading to further room growth by making our brands even more attractive to prospective franchisees. We develop our services based on customer needs and focus on activities that generate a high return on investment for our franchisees.

Reaching More Consumers - We believe hotel owners value and benefit from the large volume of guests that we deliver through a mix of activities, including brand marketing, reservation systems, account sales (corporate, government, social, military, educational, and fraternal organizations), and the Company's loyalty program, Choice Privileges®. Our strategy is to maximize the effectiveness of these activities in delivering both leisure and business travelers to Choice-branded hotels.

The Company intends to continue to increase awareness of its brands through its national marketing campaigns and its loyalty program promotions. These campaigns are intended to generate a compelling message to consumers to create even greater awareness for our brands with the ultimate goal of driving business through our central reservation system. Local and regional co-op marketing campaigns will continue to be utilized to leverage the national marketing programs to drive business to our franchised properties at a local level. We expect our efforts at marketing directly to individual guests and corporate customers will continue to be enhanced through the use of our customer relationship management technology and programs, as well as our field-based sales agents that are focused on increasing our share of business travelers. Our continued focus on overall brand quality coupled with our marketing initiatives is designed to stimulate room demand for our franchised hotels through improved guest awareness and satisfaction.

Our central reservations system is a critical technology used to deliver guests to our franchisees through multiple channels, including our call centers, proprietary web and mobile sites, global distribution systems (e.g., SABRE, Amadeus), online travel agents ("OTAs") (e.g., Expedia, Booking.com) and internet referral or booking services (e.g., Kayak, Trip Advisor). We believe our well-known brands, combined with our relationships with many internet distribution websites, benefits our franchisees by facilitating increased rate and reservations delivery, and reducing costs and operational complexity.

Leveraging Size, Scale, and Distribution - We continually focus on identifying methods to utilize our significant platform of hotels in our system and our relationships with hospitality-related vendors and partnerships with travel-related providers in order to reduce costs and increase returns for our franchisees. We are focused on expanding our platform business through key partnerships, new technology, and other key franchisee resources, which is reflected in our procurement services revenues. The expansion of these relationships has enabled us to further drive our top-line revenue and deliver tangible value-added solutions

to our hotel owners and customers. For example, we create relationships with qualified vendors to: (i) make low-cost products available to our franchisees, (ii) streamline the purchasing process, and (iii) maintain brand standards and consistency. We also create relationships with key partners to market their services directly to our guests. These relationships provide value-added travel-related services to our guests and generate revenues for the Company. We continue to expand these relationships and identify new methods for decreasing hotel operating costs by increasing penetration within our existing franchise system and enhancing our existing vendor relationships and/or creating new vendor relationships. We believe our efforts to leverage the Company's size, scale and distribution benefit the Company by enhancing brand quality and consistency, improving our franchisees returns and satisfaction, and generating procurement services revenues.

Industry Positioning

Our brands offer consumers and developers a wide range of options for transient and extended stay customers, including economy, midscale, upper midscale, upscale, and upper upscale hotels. Our brands are as follows:

Cambria Hotels - Cambria Hotels is a select service hotel brand that operates in the upscale chain scale category, targeting the top primary market locations and secondary markets with a mix of business and leisure demand. Cambria offers guests a distinct experience with simple, guilt-free indulgences and little luxuries allowing them to stay at their best while on the road. The environment matches guests' casual lifestyles but tailored to the needs of the modern traveler. The properties feature a compelling design inspired by the location, spacious and comfortable rooms, spa inspired bathrooms, outdoor spaces featuring pools and rooftop bars, flexible meeting space, and a locally sourced menu and craft beer. The principal competitor brands include Courtyard by Marriott, Aloft, Hyatt Place, Hotel Indigo, AC Hotels, and Hilton Garden Inn.

Ascend Hotel Collection - The Ascend Hotel Collection is an innovative global soft brand collection offering resort, boutique and historic properties that reflect, and are woven into, the fabric of their destination. Ascend enables upscale hotels to retain their individual brand equity and identity, and yet have access to Choice Hotels' global distribution, technology, performance support services, training, and loyalty benefits. The Ascend Hotel Collection offers the best of both worlds, including an independence backed by a powerful platform for customer acquisition, delivery and distribution, volume purchasing benefits, and operational efficiencies. The properties can be found in suburban, small towns, and resorts. The principal competitor brands include BW Signature Collection, BW Premier Collection, Trademark, and Voco.

Radisson - Radisson is a full service hotel brand that provides an upscale travel experience. Innovating to meet the evolving needs of guests, Radisson hotels offer functional guestrooms, upscale on-site services such as modern fitness facilities, restaurants and bars, and free Wi-Fi, which is designed for travelers seeking simplicity, authenticity, and modern imperatives during each hotel stay. Radisson hotels are found in key urban, suburban, resort, and airport locations. The principal competitor brands include DoubleTree by Hilton, Delta Hotels, and Crowne Plaza.

Radisson RED - An upscale, select service hotel brand, Radisson RED is characterized by a love of bold design, social connectedness, and playful twists on the conventional. These urban hotels inject new life into hospitality through informal services where anything goes. Hotel spaces kick-start the fun with vibrant designs, encourage social sharing, and easily switch from work to play and back. Connected, trend-savvy travelers will love this unique opportunity to tailor their stay to their style. The principal competitor brands include Tapestry Collection by Hilton, Citizen M, and Aloft Hotels.

Radisson Blu - Radisson Blu hotels offer full service, upper upscale accommodations that are redefining the hospitality experience. Scandinavian-inspired minimalist design prioritizes comfort and distinctiveness in the guestrooms, in addition to unique dining concepts, multipurpose workspaces with complimentary Wi-Fi, smart TVs, and wellness facilities. Radisson Blu hotels are located in urban and resort locations in key RevPAR markets. The principal competitor brands include Le Meridien and Kimpton.

Radisson Individuals - Radisson Individuals is an upper upscale collection brand that brings together independent and boutique hotels, inspiring curious travelers to uncover the untold stories of each destination. Blending a spirit of exploration with service excellence, these hotels offer curated amenities like distinctive dining and wellness facilities. Found in urban, suburban, and resort locations, the principal competitor brands include Autograph Collection, Curio, JdV, Tapestry, and Tribute.

Comfort - The Comfort brand family, inclusive of Comfort Inn, Comfort Suites, and Comfort Inn & Suites, is an upper midscale brand that offers guests a warm and welcoming experience designed to help them feel refreshed and ready to take on the day. The properties feature spacious rooms, modern amenities, friendly staff, and a signature free hot breakfast. Comfort hotels are tailored to meet the needs of today's leisure and business travelers alike. The principal competitor brands include Hampton Inn, Holiday Inn Express, and Fairfield Inn & Suites.

Country Inn & Suites by Radisson - Country Inn & Suites exemplifies “modern country warmth”, offering a heartfelt experience to travelers through inviting design, premium touches, and genuine service. Guests can expect a mix of spacious standard and suite accommodations along with free amenities like a hot breakfast, all-day coffee and tea, freshly baked cookies in the afternoon, Wi-Fi, printer access, a fitness facility, and cozy seating by the living room fireplace. Most hotels also feature a patio or porch with an outdoor fire pit, den, casual workspace, swimming pool, meeting space, and an “Inn Case Market.” Guests feel like they matter at Country Inn & Suites. The principal competitor brands include Holiday Inn Express, Fairfield Inn & Suites, Best Western Plus, and Hampton Inn.

Clarion - Clarion helps owners of existing assets with food and beverage capabilities achieve strong returns with reasonable investment. Clarion allows a more focused and efficient food and beverage operational model that works well with a variety of conversion property configurations. Clarion helps business and leisure guests "get together" by providing meeting/banquet facilities, restaurants, and lounges. Amenities include free high-speed internet access, a pool or fitness center, and a business center. The principal competitor brands include Holiday Inn and Ramada.

Clarion Pointe - Launched in 2019, Clarion Pointe is ideal for owners who want to strategically reposition their limited-service property into a brand with strong awareness and a concept that satisfies the expectations of emerging travelers. The hotels offer guests a convenient and affordable experience with elevated essentials in just the right places, including contemporary design touches, curated food and beverage options, and on-demand connectivity. The principal competitor brands include Best Western and Wingate.

Quality Inn - Quality helps both guests and owners "Get Your Money's Worth™" in the midscale chain scale category. Quality hotels provide clean, comfortable, and affordable accommodations, as well as the "Value Qs" of a Q Bed, Q Breakfast, Q Shower, Q Service, and Q Essentials. The brand delivers warm, friendly service, a hot breakfast, and premium bedding. The principal competitor brands include Best Western and Ramada.

Sleep Inn - A new-construction brand, every Sleep Inn hotel is built with a specific vision in mind, which is to be a sanctuary for travelers as well as a cost-efficient property to build, operate, and maintain. Every Sleep Inn hotel offers thoughtful touches designed to help enhance our guests well-being and "Dream Better Here." Guests find a perfectly dreamy hotel environment, with nature-inspired design elements, that create a relaxed and serene stay, providing both business and leisure travelers with free Wi-Fi, free hot breakfast, lifestyle amenities to support a better night's rest, and an exercise room and/or pool. The principal competitor brands include Baymont and Best Western.

Park Inn by Radisson - Park Inn by Radisson is Choice Hotels' premium value conversion brand focused on delivering the basics to brighten up the stay. The principal competitor brands include Days Inn, Baymont, and SureStay.

Park Plaza - Park Plaza combines engaging service, contemporary elegance, and local flavor. At each hotel, team members warmly welcome guests and make it a point to foster genuine and meaningful interactions. Refined spaces incorporate the essence of each location and provide a vibrant social setting for guests and the local community alike. Located in capital cities and key business and leisure destinations, these charmingly distinctive hotels help travelers connect with the authentic character and culture of their location. The principal competitor brands include Staybridge Suites, DoubleTree, and Residence Inn.

MainStay Suites - MainStay Suites operates in the midscale extended stay chain scale category, offering developers flexible conversion and new construction opportunities in a variety of market types. The Mainstay Suites guest experience delivers on a "Live Like Home" promise for guests traveling for business or pleasure whose stays are longer than a few nights. All guest rooms feature fully equipped kitchens as well as separate lounges and work areas. MainStay Suites offer free high-speed internet, an exercise room, 24/7 laundry facilities, and weekly housekeeping. Each hotel also has a "MainStay Marketplace" where guests may purchase a variety of food and sundry items. Guests also have complimentary access to small kitchen appliances through the "Things I Use at Home" program. The principal competitor brands include Candlewood Suites, Extended Stay America Premier Suites, My Place Hotels, as well as new entrants to the extended stay segment such as StudioRes, LivSmart, and LivAway.

Everhome Suites - Everhome Suites operates in the midscale extended stay chain scale category, offering developers a value-engineered new construction prototype for entry into major markets. Everhome Suites provides a “Closer to Home” experience, empowering longer staying guests to stay productive and feel connected while away from home. All suites include a fully equipped kitchen with defined-spaces to work, relax, and eat. Larger one-bedroom suites come equipped with in-unit washers and dryers, larger kitchens, and a dedicated bedroom. Guests have access to free high-speed internet, a modern fitness room, outdoor amenity space, 24/7 laundry facilities, and weekly housekeeping service. Each hotel also has a “Homebase Market” with food, drink, and personal items available for purchase. Small kitchen appliances are available to check out at the front desk through the “Homebase Essentials” program. The principal competitor brands include Candlewood Suites, Home2 Suites, TownePlace Suites, and Extended Stay America Premier Suites, as well as new entrants to the extended stay segment such as StudioRes, LivSmart, and LivAway.

Suburban Studios - Suburban Studios operate in the economy extended stay chain scale category, offering developers access to this category through flexible conversion options. Suburban Studios' "longer stays made easy" philosophy provides value-conscious, long staying guests with clean, comfortable rooms, friendly service and the amenities they need. All guestrooms provide in-room kitchens. Guests have access to free high-speed internet, 24/7 laundry facilities, and bi-weekly housekeeping. The principal competitor brands include Extended Stay America, InTown Suites, HomeTowne Studios, SureStay Studios, Studio 6, as well as new entrants to the extended stay segment such as Echo Suites.

WoodSpring Suites - WoodSpring Suites are all new construction, value-engineered hotels that operate in the economy extended stay chain scale category. WoodSpring developers adhere to strict prototype and design specifications and an operating model that embodies WoodSpring's promise of "It's Simple. Done Better." Every suite includes a well-designed kitchen, seating area, and a free premium movie channel. Guests have access to free high-speed internet, 24/7 laundry facilities, and bi-weekly housekeeping. The principal competitor brands include Extended Stay America, MyPlace, Studio 6, as well as new entrants to the extended stay segment such as Echo Suites.

Econo Lodge - Econo Lodge is Choice Hotel's economy brand, which provides an "easy stop on the road" for value-oriented travelers. Free high-speed internet, bedside recharge outlets, refrigerators and free morning coffee are just some of the amenities that position Econo Lodge as a great value to the guest. The principal competitor brands include SureStay by Best Western, Knights Inn, Days Inn, and Red Roof Inn.

Rodeway Inn - Rodeway Inn offers sensible lodging for travelers on a budget. With free coffee to get guests started in the morning and free high-speed internet, Rodeway is a great option for practical travelers looking for a "Good night. Great Savings." The principal competitor brands include Americas Best Value Inn and Motel 6.

The Company's brands also include the Radisson Collection and Radisson Inn & Suites, however there are no open properties under these brands as of December 31, 2024.

Domestic Franchise System

Our standard domestic franchise agreements grant franchisees the non-exclusive right to use certain of our trademarks and to receive the benefits from our franchise system in order to facilitate the operation of their franchised hotels in specified locations. Our domestic franchise agreements generally have terms ranging from 10 to 30 years, with certain rights for each of the franchisor and franchisee to terminate the agreement. Our franchisees operate domestically under one of 22 brands and brand extensions.

The following table presents the key statistics related to our domestic franchise system for the five years ended December 31, 2024:

	2020	2021	2022	2023	2024
Number of properties, end of period	5,943	5,913	6,296	6,305	6,328
Number of rooms, end of period	456,528	458,030	494,409	496,965	511,739
Royalty fees (in thousands) ⁽¹⁾	\$ 258,151	\$ 391,336	\$ 443,313	\$ 458,077	\$ 454,723
Effective royalty rate ⁽²⁾	4.94 %	5.01 %	4.93 %	4.99 %	5.06 %
Average occupancy percentage ^{(2), (3)}	45.6 %	57.2 %	58.0 %	56.9 %	56.4 %
Average daily room rate (ADR) ^{(2), (3)}	\$ 71.67	\$ 84.06	\$ 95.13	\$ 96.92	\$ 96.67
Revenue per available room (RevPAR) ^{(2), (3)}	\$ 32.69	\$ 48.10	\$ 55.16	\$ 55.19	\$ 54.54

(1) Royalty fees exclude the impact of franchise agreement acquisition cost amortization. For the year ended December 31, 2022, the legacy Radisson brands are included for the period from the August 11, 2022 acquisition date through December 31, 2022. Additionally, royalty fees include intersegment royalties assessed to the Company's owned hotels of \$2.4 million for 2024, \$2.0 million for 2023, \$2.2 million for 2022, \$1.6 million for 2021, and \$0.8 million for 2020.

(2) To enhance the comparability for the year ended December 31, 2022, the effective royalty rate, average occupancy percentage, ADR, and RevPAR reflect the operating performance as if the legacy Radisson brands were acquired on January 1, 2022. The operating statistics exclude the Everhome Suites brand since the operating statistics are not representative of a stabilized brand, which the Company defines as having at least 25 units open and operating for at least a twelve month period.

(3) The Company calculates the RevPAR metrics based on information as reported by the franchisees. To accurately reflect average occupancy percentage, ADR, and RevPAR, the company revises its prior years' operating statistics for the most current information provided.

As of December 31, 2024, no individual franchisee or ownership group accounts for more than 1.5% of the Company's total domestic royalty fees.

Owned and Managed Hotels

While the hotel franchising business represents the Company's primary operations, the Company also owns eight Cambria hotels, one Everhome Suites, one Radisson RED, one Radisson Blu, and one Country Inn & Suites and manages 13 hotels (inclusive of four owned hotels). We generate revenue from the owned hotels primarily from guest stays. We generate revenue from the managed hotels from base and incentive management fees and cost reimbursements, which is primarily for payroll costs at the managed hotels where the Company is the employer.

We intend to continue to strategically develop and manage hotels in order to increase the presence of our brands in the United States, drive greater guest satisfaction and brand preference, and increase the number of franchise agreements awarded. We believe these avenues provide us the opportunity to support and accelerate the growth of our brands.

International Franchise Operations

The Company conducts its international franchise operations through a combination of direct franchising and master franchising relationships. Our business strategy has been to conduct direct franchising in those international markets where both franchising is an accepted business model and our brands can achieve significant revenue growth through our proprietary distribution channels. Master franchising relationships are governed by agreements that generally provide the master franchisee with the right to use and sub-license the use of our brands in a specific geographic region.

We typically choose to enter into master franchise agreements in those international markets where direct franchising is not a prevalent or viable business model. When entering into master franchising relationships, we strive to select partners that have both professional hotel and asset management capabilities along with the financial capacity to invest in building the Company's brands in their respective markets. Master franchising relationships typically provide lower revenues to the Company as the master franchisees are responsible for managing certain necessary services (such as training, quality assurance, reservations and marketing) to support the franchised hotels in the assigned development territory and, therefore, retain a larger percentage of the hotel franchise fees to cover their expenses. The master franchisee collects the fees paid by the local franchisee and remits an agreed upon share to us. Our master franchise and similar multi-unit licensing agreements have expiration dates, which we actively manage and potentially renew as we deem beneficial. In certain circumstances, the Company has and may continue to make equity investments in our master franchisees.

In some territories outside the United States, hotel franchising has less prevalence in favor of independent operators. We believe chain and franchise affiliation will increase in certain international markets as local economies grow and hotel owners seek the economies of scale in centralized reservations systems and marketing programs. We believe that international franchise operations will provide a long-term growth opportunity for the Company and as a result, we will continue to make investments into our international franchise operations, which are expected to enhance the value proposition for prospective international franchisees.

The following chart summarizes our franchise system and operating results outside of the United States⁽¹⁾:

	2020	2021	2022	2023	2024
Number of properties, end of period	1,204	1,117	1,191	1,222	1,258
Number of rooms, end of period	141,449	121,716	133,395	136,021	142,071
Royalty fees (in thousands) ⁽²⁾	\$ 12,358	\$ 14,958	\$ 20,041	\$ 28,859	\$ 29,822

- (1) Reporting of operating statistics (i.e., average occupancy percentage, average daily room rate) of international franchisees is not required by all master franchise contracts, thus RevPAR metrics are not presented for our international franchisees.
- (2) Royalty fees include the impact of franchise agreement acquisition cost amortization.

As of December 31, 2024, the open hotels and rooms by region and franchising relationship are presented below:

	Direct Franchising		Master Franchising		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Asia-Pacific	156	7,012	157	17,970	313	24,982
Europe & Middle East	93	9,423	312	52,276	405	61,699
Latin America, Caribbean & Canada	129	16,952	411	38,438	540	55,390
International Total	378	33,387	880	108,684	1,258	142,071

The Company's international operations are primarily conducted in the following countries and territories, as organized by region:

Asia-Pacific - Australia, China, India, Japan, and New Zealand.

Europe & Middle East - Austria, Czech Republic, Denmark, Faroe Islands, Finland, France, Germany, Ireland, Italy, Kingdom of Saudi Arabia, Lithuania, Norway, Portugal, Slovakia, Spain, Sweden, Turkey, and the United Kingdom.

Latin America, Caribbean & Canada - Aruba, Bahamas, Barbados, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Honduras, Mexico, Panama, Peru, Puerto Rico, Sint Maarten, Trinidad and Tobago, and Uruguay.

As of December 31, 2024, the worldwide open hotels and rooms by region are presented below:

	United States		Asia-Pacific		Europe & Middle East		Latin America, Caribbean & Canada		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Comfort ⁽¹⁾	1,674	131,495	196	17,922	96	12,817	193	17,701	2,159	179,935
Quality Inn	1,627	118,725	64	3,660	80	14,426	128	12,739	1,899	149,550
Econo Lodge	642	37,528	20	741	1	73	35	1,746	698	40,088
Rodeway	447	24,948	—	—	—	—	9	510	456	25,458
Sleep Inn	415	29,118	—	—	—	—	23	2,507	438	31,625
Country	422	33,771	—	—	—	—	9	789	431	34,560
Ascend Hotel Collection	233	38,589	19	1,100	119	13,433	46	5,630	417	58,752
Clarion ⁽²⁾	193	19,944	14	1,559	109	20,950	15	1,536	331	43,989
WoodSpring Suites	256	30,846	—	—	—	—	—	—	256	30,846
Radisson ⁽³⁾	57	13,390	—	—	—	—	68	10,928	125	24,318
MainStay Suites	141	10,157	—	—	—	—	1	100	142	10,257
Suburban Studios	111	9,159	—	—	—	—	—	—	111	9,159
Cambria Hotels	76	10,344	—	—	—	—	—	—	76	10,344
Park Inn	27	2,926	—	—	—	—	13	1,204	40	4,130
Everhome Suites	7	799	—	—	—	—	—	—	7	799
Total	6,328	511,739	313	24,982	405	61,699	540	55,390	7,586	653,810

(1) Includes the Comfort family of brand extensions, including Comfort Inn and Comfort Suites.

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

(3) Includes the Radisson, Radisson Blu, Radisson Individuals, and Radisson RED brands.

Franchise Sales

Expansion of the number of hotels in our franchise system is important to our business model. We have identified key market areas for hotel development based on supply and demand relationships and our strategic objectives. Development opportunities are typically offered to: (i) existing franchisees, (ii) developers of hotels or multi-family housing, (iii) owners of independent hotels and motels, (iv) owners of hotels leaving other franchisors' brands, and (v) franchisees of non-hotel related products such as restaurants.

Our franchise sales organization is structured to support the continued growth of the Company through awarding franchise agreements with a focus on revenue-intense chain scales and markets. The franchise sales organization employs both sales managers as well as franchise sales directors. This organization emphasizes the benefits of affiliating with the Choice system, our commitment to helping hotels improve profitability, our central reservation delivery services, our marketing and customer loyalty programs, our revenue management services, our training and support systems (including our proprietary property management systems), and our Company's track record of delivering growth and profitability. Franchise sales directors are assigned to specific brands to leverage their brand expertise to enhance product consistency and deal flow. Our sales managers ensure each prospective hotel is placed in the appropriate brand, facilitate teamwork and information sharing amongst the sales directors, and provide better service to our potential franchisees. The structure of this organization integrates our brands and strategies, and allows our brand teams to focus on understanding, anticipating, and meeting the unique needs of our customers.

Our objective is to continue to strategically grow our portfolio by selling the Company's brands spanning the various chain scale categories. Based on market conditions and other circumstances, we may offer certain incentives to developers to increase development of our brands, such as discounting various fees including the initial franchise fee, royalty fee, marketing and reservation system fee, and providing franchise agreement acquisition cost payments to support development, property improvements, and other hotel expenditures.

Because retention of our existing franchisees is important to our growth strategy, we have a formal impact policy. This policy offers existing franchisees protection from the opening of a same-brand property within a specified distance, depending upon the market in which the property is located. The policy applies to most, but not all, of the Company's brands.

Investment, Financing, and Guaranty Support

Our Board of Directors authorized a program which permits us to offer investment, financing, and guaranty support to qualified franchisees, and allows us to acquire or develop and resell hotels to incentivize franchise development of our brands in strategic markets. We deploy capital pursuant to this program opportunistically to promote the growth of our brands. The amount and timing of the investment in this program will be dependent on market and other conditions and we generally expect to recycle these investments within a five year period. For additional information, refer to the Investing Activities caption in the Liquidity and Capital Resources section in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Franchise Agreements

Our standard domestic franchise agreements grant franchisees the non-exclusive right to use certain of our trademarks and to receive the benefits from our franchise system in order to facilitate the operation of their franchised hotels in specified locations. Our domestic franchise agreements generally have terms ranging from 10 to 30 years. Generally, either party to our standard domestic franchise agreement can terminate the agreement prior to the conclusion of the agreement's term under certain circumstances, such as upon designated anniversaries of the agreement, subject to applicable law. Early termination options give us the flexibility to eliminate or re-brand our properties for reasons other than contractual failure by the franchisee. This allows us the opportunity to strengthen our brand portfolio in various markets by replacing weaker performing hotels. We also have the right to terminate a franchise agreement if a franchisee fails to bring the property into compliance with contractual or quality standards within specific time periods. The franchise agreements typically contain liquidated damages provisions addressing franchisee termination at intervals other than those specified in the agreement which represent a fair and reasonable measure of damages that both parties agree should be paid to us.

The Company utilizes master development agreements ("MDA") with respect to the WoodSpring Suites and Everhome Suites brands (and on occasion other brands). In exchange for a non-refundable fee, developers are provided geographic exclusivity to enter into a specified number of franchise agreements and develop properties of the specified brand. The upfront fees received on signing of the MDA are non-refundable and are allocable to the affiliation fees due upon the execution of each franchise agreement between the parties in the regions covered by the MDA. The MDA specifies development schedules the developer must maintain. If the development schedules are not met, the Company can terminate the geographic exclusivity, however the upfront fees remain allocable to future franchise agreement affiliation fees as long as the MDA remains in effect.

The Company's franchise agreements are generally individually negotiated and we believe the terms are competitive with lodging industry standards for the respective chain scales. Franchise fees usually have three primary components: an affiliation fee, a royalty fee, and a marketing and reservation system fee. Royalty fees typically range from 5% to 6% of gross room revenues, and marketing and reservation system fees typically range from 3% to 4% of gross room revenues. During the negotiation process with a prospective franchisee, the Company may discount the standard royalty fee and/or the marketing and reservation system fee during the initial years of the franchise agreement as a franchise acquisition strategy. Typically, these discounts will expire over time when the contractual fees reach the standard franchise fees in effect at the time the franchise agreement was executed.

Franchise Operations

Our operations are designed to help our franchisees improve RevPAR and lower their operating and development costs, as these are the measures of performance that most directly impact franchisee profitability. Our focus is not only to help increase the number of reservations delivered to our franchisees, but also to help increase the percentage of guest reservations processed through our proprietary channels. We believe that our proprietary channels, which include our loyalty program, propriety internet sites (including mobile and tablet applications), global sales programs, and interfaces with global distribution systems, help in delivering guests to our franchisees' hotels at the lowest cost to the franchisee. We believe that by helping our franchisees become more profitable, then we will enhance our ability to retain our existing franchisees, attract new franchisees, and improve the pricing of our franchise agreements. The key aspects of our franchise operations are the following:

Brand Name Marketing and Advertising - The majority of our franchised hotels are typically located in areas conveniently accessible to business and leisure travelers, and therefore, a significant portion of hotel room nights are sold to guests who either walk-in or contact the hotel directly. As a result, we believe that brand name recognition and the strength of the brand reputation are important factors in influencing business and leisure traveler hotel accommodation choices.

Our marketing and advertising programs are designed to heighten consumer awareness and preference for our brands as offering the greatest value and convenience in the lodging categories in which we compete. Marketing and advertising efforts include national television, social media and digital advertising, online radio advertising, print advertising in trade media, and promotional events, which include joint marketing promotions with qualified vendors and corporate partners. We also actively seek to reach travelers who are shopping for travel online by purchasing key search related terms and meta search ads from the various search engine providers to help ensure that our franchisees' hotels are prominently displayed to potential guests.

We conduct numerous marketing and sales programs and deploy field-based sales agents which target corporate entities, travel agencies, groups, and small and medium size enterprises including business travelers, senior citizens, automobile club members, government and military employees, educational organizations, and meeting planners. Other marketing efforts include domestic and international trade show programs, targeted marketing campaigns (including print, digital, and social media), direct-mail programs, marketing e-mail programs, and centralized commissions for travel agents.

We operate a loyalty program, Choice Privileges, for all of our brands except WoodSpring Suites, in order to attract and retain travelers by rewarding stays with points towards free hotel nights at properties and through our partners that provide travel-related accommodations. The loyalty program also offers guests the ability to redeem points for gift cards at participating retailers, and earn airline miles from qualifying stays redeemable for flights with various airline partners. These programs allow us to conduct lower cost, more targeted marketing campaigns to our consumers, help us to deliver business to our franchised hotels, and are an important selling point for our franchise sales personnel. As of December 31, 2024, the Choice Privileges program had approximately 69 million worldwide members. Growing the membership of the Choice Privileges loyalty program, as well as increasing the number of room nights consumed by existing members, will continue to be a focus of the Company.

Marketing and advertising programs are directed by our marketing department, which utilizes the services of independent advertising agencies. We also employ home-based sales personnel geographically located across the United States using personal sales calls, telemarketing, and other techniques to target specific customer groups, such as potential corporate clients in areas where our franchised hotels are located, the group travel market, and meeting planners.

Our field-based franchise services area directors work with our franchisees to profitably grow revenue, improve the efficiency of their hotel operations, and maintain and improve guest satisfaction. The franchise services area directors advise the franchisees on topics such as marketing their hotels, improving quality, and maximizing the benefits offered by the Choice reservations system. Our proprietary property management system, choiceADVANTAGE, includes a rate and selling management tool to help our franchisees better manage rates and inventory, which are designed to help them improve RevPAR by optimizing ADR and occupancy. In addition, we offer revenue management services to our franchisees to assist them in optimizing their room rates and minimizing the costs of reservation delivery.

Central Reservation System ("CRS") - Our central reservation system consists of our toll-free telephone reservation system, our proprietary internet sites, mobile phone and tablet reservation applications, interfaces with global distribution systems, and other internet reservations sites. We strive to improve the percentage of business delivered by the CRS as the room nights reserved through these channels are typically at higher average daily room rates than the reservations booked directly through the property. In addition, increasing the percentage of business delivered through the CRS improves our value proposition to a hotel owner and therefore assists in the retention of existing franchisees and the acquisition of new franchisees.

Our CRS provides a data link to our franchised properties as well as to the travel reservation systems, such as Amadeus, Galileo, SABRE, and Worldspan, which facilitate the reservation process for travel agents and corporate travelers. We also offer rooms for rent on our website (<http://www.choicehotels.com>) and mobile applications as well as those of OTAs and other third-party internet referral and booking services.

Our toll-free telephone reservation system primarily utilizes third-party call center service providers. The reservation agents are trained on the reservation system and they have a goal of matching each caller with a Choice-branded hotel that meets the caller's needs. We also operate a call forwarding program through which our franchisees can leverage our central reservation system capabilities by forwarding reservation calls received directly by the property to one of our reservation centers. Typically, this helps to reduce the hotel's front desk staffing needs, improves customer service, and results in a higher average daily room rate than the reservations booked directly through the property.

We continue to implement our integrated reservation and distribution strategy to help improve the delivery of reservations, reduce franchisee costs, and improve franchisee satisfaction by enhancing our website, <http://www.choicehotels.com>. We design our marketing campaigns to drive reservation traffic directly to our proprietary channels to minimize the impact that third party reservation sites may have on the pricing of our franchisees' inventory. In addition, we have introduced programs such as our Lowest Price Guarantee program, which has significantly reduced the ability of the third-party travel intermediaries to undercut the published rates at our franchisees' hotels. Further, we selectively distribute our franchisees' inventory to key

third-party travel intermediaries that we have established agreements with to help drive additional business to our franchisees' hotels. These agreements typically offer our brands a preferred placement on these third-party booking sites at reduced transaction fees. We continue to educate our individual franchisees about the risk of an unfavorable impact to their business from contracting with booking sites when we do not have preferred agreements. We currently have agreements with many, but not all, of the major online third-party booking sites.

We also continue to upgrade our technology to ensure that our CRS can effectively handle the current and future volume on digital channels and support the industry's shift toward accelerated digital communications and guest experience personalization. In support of these initiatives, the Company developed choiceEDGE, which is a cloud-based software to manage all distribution for the Company by optimizing rate, inventory, availability, shopping, booking, and reservations for its website, mobile apps, and third-party distribution partners.

Property Management Systems - ChoiceADVANTAGE, which is our proprietary property and yield management system that the significant majority of our hotels utilize, is designed to help franchisees maximize profitability and compete more effectively by assisting them in managing their room inventory, rates, and reservations. ChoiceADVANTAGE synchronizes each hotel's inventory with our central reservation system, which gives our reservation sales agents and other proprietary channels the last room sell capabilities at every hotel. Our property management system also includes a proprietary revenue management feature that calculates and suggests the optimum rates based on each hotel's past performance and projected occupancy. These tools are critical to business delivery and yield improvements as they facilitate a franchisee's ability to effectively manage hotel operations, determine appropriate rates, help drive occupancy, and participate in our marketing programs. ChoiceADVANTAGE, which is a cloud-based solution, helps to reduce each hotel's investment in on-site computer equipment, which typically results in a lower total cost of ownership for the property management systems as compared to the traditional on-site solutions.

Quality Assurance Programs - Consistent quality standards are critical to the success of a hotel franchise. We have established quality standards for all of our franchised brands that cover cleanliness, condition, brand standards and minimum service offerings. We inspect most properties for compliance with our quality standards before allowing a property to open as one of our franchised brands. The compliance of existing franchisees with quality standards is monitored through scheduled and unannounced quality assurance reviews conducted by a third-party at the property and through the use of guest surveys. Franchise properties that fail to maintain a minimum score are reinspected on a more frequent basis until the deficiencies are cured, or until such properties are terminated. To encourage compliance with quality standards, various brand-specific incentives and awards are used to reward franchisees that maintain consistent quality standards. We identify franchisees whose properties operate below minimum quality standards and assist them to comply with brand specifications. Franchisees who fail to improve on identified quality issues may be subject to consequences ranging from written warnings, the payment of re-inspection(s), non-compliance and guest satisfaction fees, attendance at mandatory training programs, and ultimately the termination of the franchise agreement. Actual consequences, if any, are determined in the Company's discretion on a case-by-case basis and may take into account a variety of factors apart from a franchisee's level of compliance with our quality standards and brand specifications.

Training - We maintain a training department that conducts mandatory and voluntary training programs for all franchisees and general managers. Regularly scheduled regional and national training meetings are also conducted for owners and general managers. We offer an interactive computer and mobile-based training system to help train hotel employees in real-time as well as at their own pace. Additional training is conducted through a variety of methods, including group instruction seminars and live online instructor-led programs.

Opening Services - We maintain an opening services department that ensures incoming hotels meet or exceed brand standards and are properly displayed in our various reservation distribution systems to help ensure that each incoming hotel opens successfully. We also maintain a design and construction department to assist franchisees in refurbishing, renovating, or constructing their properties prior to or after joining the system. Department personnel assist franchisees in meeting our brand specifications by providing technical expertise and cost-savings suggestions.

Competition

Competition among franchise lodging brands is strong with regard to attracting potential franchisees, retaining existing franchisees, and generating reservations for franchisees. Franchise contracts are typically long-term in nature, but most allow either the hotel owner or the Company to terminate the agreement at mutually agreed upon anniversary dates.

We believe that the hotel operators choose a franchisor based primarily on the value and quality of each franchisor's brand(s) and services and the extent to which affiliation with that franchisor may increase the franchisee's reservations and profits. We also believe that the hotel operators select a franchisor in part based on the franchisor's reputation among other franchisees and the success of its existing franchisees.

Since our franchising revenues are generated primarily as a percentage of the franchisees' gross room revenues, our prospects for growth are largely dependent upon the ability of our franchisees to compete in the lodging market, our ability to retain existing franchisees, our ability to convert our competitor's franchisees and independent hotels to our brands, and the ability of existing and potential franchisees to obtain financing to construct new hotel properties.

The ability of a hotel to compete in the lodging industry may be affected by a number of factors, including the location and quality of the property, the abilities of the franchisee, the number and quality of competing lodging facilities nearby, its affiliation with a recognized name brand, and national and local economic conditions. We generally believe the effect of local economic conditions on our results is substantially reduced by our range of products and room rates and the geographic diversity of our franchised properties, which are open and operating in 49 states, the District of Columbia, and 46 countries and territories outside the United States.

We believe that our focus on core business strategies, combined with our financial strength and size, geographic diversity, scale, and distribution, will enable us to remain competitive in the lodging industry.

Service Marks and Other Intellectual Property

The service marks Ascend Hotel Collection, Cambria, Choice Hotels, Choice Privileges, Clarion, Clarion Pointe, Comfort Inn, Comfort Suites, Country Inn & Suites by Radisson, Econo Lodge, Everhome Suites, MainStay Suites, Park Inn by Radisson, Park Plaza, Quality, Radisson, Radisson Blu, Radisson Collection, Radisson Individuals, Radisson Inn & Suites, Radisson Red, Rodeway Inn, Sleep Inn, Suburban Studios, WoodSpring Suites, and related marks and logos are material to our business. We, directly and through our franchisees, actively use these marks. All of the material marks are registered or have registrations pending with the United States Patent and Trademark Office. We seek to protect our brands and marks throughout the world, although the strength of legal protection available varies from country to country. Depending on the jurisdiction, trademarks and other registered marks are valid as long as they are in use and/or their registrations are properly maintained and they have not been found to have become generic.

Seasonality

The lodging industry is seasonal in nature. For most hotels, demand is lower from November through February than during the remainder of the year. Our principal source of revenues is franchise fees, which is based on the gross room revenues of our franchised properties. The Company's franchise fee revenues reflect the industry's seasonality and historically have been lower in the first and fourth quarters than in the second and third quarters.

Regulation

Our business is subject to various U.S. and international regulations, including the regulations of the Federal Trade Commission ("FTC"), various states and certain other foreign jurisdictions (including Australia, France, Canada, and Mexico) that relate to the sale of franchises. The FTC requires franchisors to make extensive disclosures to prospective franchisees, and a number of states in which our franchisees operate require registration and disclosure in connection with franchise offers and sales. In addition, several states have "franchise relationship laws" that, among other things, limit the ability of the franchisor to terminate franchise agreements or to withhold consent to the renewal or transfer of franchise agreements.

Our franchisees are responsible for compliance with all laws and government regulations applicable to the hotels they own or operate.

With respect to our owned and managed hotels, we are subject to the laws governing our relationship with employees, including minimum wage requirements, overtime, working conditions, and work permit requirements.

In addition, our business is subject to numerous federal, state and local government regulations, including those relating to the preparation and sale of food and beverages (such as health and liquor license laws), safety and health standards, building and zoning requirements, tax laws, and laws governing employee relations, including minimum wage requirements, overtime, working conditions and work permit requirements.

Further, we are subject to various U.S. federal, state, and international privacy and data protections laws, including the California Consumer Protection Act, the Virginia Consumer Data Protection Act, and the European Union General Data Protection Regulation, as well as privacy laws in Connecticut, Colorado, and Utah.

Impact of Inflation and Other External Factors

Franchise fees are impacted by the supply of hotel rooms within the lodging industry relative to the demand for rooms by travelers and inflation, amongst other external factors.

We expect to benefit in the form of increased franchise fees from the future growth in consumer demand for hotel rooms as well as growth in the supply of hotel rooms, to the extent it does not result in excess lodging industry capacity. However, a prolonged decline in the demand for hotel rooms will negatively impact our business.

Although we believe that increases in the rate of inflation will generally result in comparable increases in hotel room rates, severe inflation could contribute to a slowing of the economies in which we operate. Such a slowdown could result in reduced travel by both business and leisure travelers, and potentially less demand for hotel rooms, which could result in a reduction in room rates and fewer room reservations, all of which could negatively impact our revenues. A weak economy could also reduce the demand for new hotels, which negatively impacts our franchise fees revenues.

Among other unpredictable external factors which may negatively impact us are wars, acts of terrorism, pandemics, high interest rates, stress on the U.S. banking system, gasoline shortages, severe weather, and the risks described in Item 1A. Risk Factors.

Human Capital Management

As a franchisor and hotel management company, one of our greatest assets is the strength of our associates. We seek to attract and retain the best talent in the hospitality, franchising, and technology industries and to provide an open and welcoming environment for all of our associates. The quality of our talent delivers a high performing organization that drives positive business outcomes for the Company, our shareholders, and our franchisees and hotel owners.

Our Board of Directors provides oversight on certain human capital matters through two committees.

- Human Capital and Compensation Committee - Providing a broad scope of oversight on talent, including: (1) overall associate wellbeing, (2) succession planning for the top 60 leadership roles, (3) talent management and leadership development oversight for the top 100 leadership roles, (4) oversight of pay goals, and (5) overall organizational engagement.
- Diversity Committee - Overseeing our efforts to develop and sustain a welcoming culture for all associates and promoting these efforts in our business.

Career Development

We empower approximately 1,700 associates across the globe to advance their careers by providing a career framework that allows them to understand and proactively manage their career path potential. Guided by a personalized development plan, each associate is empowered to identify and develop the skills and competencies necessary to prepare for their next, and future, desired roles. As of December 31, 2024, the Company had 1,570 domestic and 125 international associates, excluding employees at our 13 managed hotels.

Leadership development programs offer level specific career-building experiences, increasing the potential for broader levels of responsibility and leadership. These programs focus on competency-based self-development, creating customized action plans for growth and development, and the transformation of functional managers to business leaders, increasing their potential for broader levels of responsibility.

The Company conducts talent review and succession planning discussions across all levels. The talent landscape is reviewed with the Board of Directors semi-annually, focusing primarily on senior leadership levels.

Further, 12 Choice Resource Groups (“CRGs”) allow groups of associates to come together based on shared affinities, communities, life experiences, and/or interests. Each CRG is open for all associates to join and everyone is welcome at all CRG events. The CRGs provide support, contribute to personal and career development, provide networking opportunities, and enhance wellbeing and engagement.

Choice's Culture of Respect and Belonging

At Choice, we strive to create an environment where every associate feels welcome, wanted, and respected. Part of how we deliver on this promise is by weaving belonging-focused initiatives throughout all levels of the enterprise, focusing on three core commitments:

- Inclusion – Striving to build a workforce where associates from all backgrounds can thrive.
- Fair and Competitive Pay – Committed to promoting equal opportunity in all aspects of the talent lifecycle, inclusive of fair and competitive pay regardless of background.

- Trust, Belonging, and Engagement – Fostering a culture where associates are inspired and engaged and feel like they belong.

We are committed to providing fair and competitive pay. To ensure we are delivering on this commitment, we annually conduct fair pay analyses on all U.S. based roles, which includes those in our Managed Hotels division. We may make pay adjustments, as necessary, based on the results and report the results to the Board of Directors. Our 2024 analysis was completed in partnership with Syndio Pay EQ analytics platform, using Fair Pay Workplace guidelines.

The Board of Directors periodically receives reporting focused on the Company's belonging-focused efforts in workplace practices, franchisee development, advertising, and marketing goals.

Health, Wellbeing, and Engagement

One of our highest priorities has been to support the physical health and emotional well-being of our associates, all of whom show incredible dedication to the needs of our hotel owners, guests, and each other while caring for their own families. The key features include mental health support, employee assistance and financial wellness programs, as well as creating opportunities for belonging and connections within the organization. In addition, the Company offers a generous benefits package, including a 401(k) matching program, paid family leave, paid caregiver leave, wellbeing days, a cultural day, commuter benefits, a legal services plan, charitable gift matching, a LEED certified workspace, and paid volunteer leave.

We conduct a variety of confidential surveys throughout the year to seek input and better understand the associate life-cycle experience. In 2024, these touchpoints included an engagement survey, diversity, equity and belonging survey, 30-60-90-180-day onboarding surveys, exit surveys, a recognition survey, a benefits survey, and a mental health survey. Nearly 81% of our associates participated in the 2024 engagement survey and we achieved a very high engagement score, five points above the benchmark, which means that our associates have a positive commitment to our organization and goals.

Award Winning Culture

In 2024, the Company continued to receive accolades, including the Brandon Hall Group HCM Excellence Awards for Data Discovery, Newsweek's "World's Most Trustworthy Companies," TIME's "World's Best Companies" and "America's Best Mid-Size Companies," Disability Equality Index, Inaugural World Sustainable Travel & Hospitality Award, Chief Learning Officer's "Editor's Choice as Best Midsized Company for Learning" for Choice University, Newsweek's America's Greatest Workplaces for LGBTQ+, Newsweek's America's Greatest Workplaces for People with Disabilities, Newsweek's America's Greatest Workplaces for Diversity, and Newsweek's America's Greatest Workplaces for Parents and Families.

Information about our Executive Officers

The name, age, title, present principal occupation, business address and other material occupations, positions, offices and employment of each of the executive officers of the Company as of December 31, 2024 are set forth below. The business address of each executive officer is 915 Meeting Street, Suite 600, North Bethesda, Maryland 20852.

Name	Age	Position
Stewart W. Bainum, Jr.	78	Chairman of the Board of Directors
Patrick S. Pacious	58	President and Chief Executive Officer
Scott E. Oaksmith	53	Chief Financial Officer
Dominic E. Dragisich	42	Executive Vice President, Operations and Chief Global Brand Officer
Simone Wu	59	Senior Vice President, General Counsel, Corporate Secretary & External Affairs
Robert McDowell ⁽¹⁾	58	Chief Commercial Officer
Patrick J. Cimerola	56	Chief Human Resources Officer
Raul Ramirez Sanchez	41	Chief Segment and International Operations Officer
Noha Abdalla	47	Chief Marketing Officer
Anna Scozzafava	44	Chief Strategy Officer and Senior Vice President, Technology

(1) Robert McDowell, our former Chief Commercial Officer, departed the Company, effective January 15, 2025, to pursue other opportunities.

Stewart W. Bainum, Jr. - Director from 1977 to 1996 and since 1997, serving as Chairman of the Board from March 1987 to November 1996 and since October 1997; Managing Member of Artis Senior Living, LLC, a developer-owner-operator of assisted living residences, since 2012; Board of Advisors of UCLA's School of Management; Director of White Oak Legacy, Inc. (f/k/a Realty Investment Company, Inc.) a real estate management and investment company, from December 2005 through December 2016 and Chairman from December 2005 through June 2009; Director of Sunburst Hospitality Corporation, a real estate developer, owner and operator, from November 1996 through December 2016 and Chairman from November 1996 through June 2009. Director of SunBridge Manager, LLC from September 2011 through December 2016. Mr. Bainum was a director of Manor Care, Inc. from September 1998 to September 2002, serving as Chairman from September 1998 until September 2001. From March 1987 to September 1998, he was Chairman and Chief Executive Officer of Manor Care, Inc. He served as President of Manor Care of America, Inc., and Chief Executive Officer of ManorCare Health Services, Inc., from March 1987 to September 1998, and as Vice Chairman of Manor Care of America, Inc., from June 1982 to March 1987.

Patrick S. Pacious - President and Chief Executive Officer since September 2017; President and Chief Operating Officer from May 2016 until September 2017; and Chief Operating Officer from January 2014 until May 2016. He was Executive Vice President, Global Strategy & Operations from February 2011 through December 2013. He was Senior Vice President Corporate Strategy and Information Technology from August 2009 to February 2011. He was Senior Vice President, Corporate Development and Strategy from December 2007 to August 2009. He was Vice President, Corporate Development and Innovation from May 2006 to December 2007 and was Senior Director of Corporate Strategy from July 2005 to May 2006. Prior to joining the Company, he was employed by BearingPoint Inc. as a Senior Manager from 2002 until 2005 and Arthur Andersen Business Consulting LLP as a Senior Manager from 1996 until 2002.

Scott E. Oaksmith - Chief Financial Officer since September 2023. He was previously Senior Vice President, Deputy Chief Financial Officer from May 2023 to September 2023 and Senior Vice President, Real Estate and Finance from March 2020 to September 2023. He was Senior Vice President, Finance & Chief Accounting Officer from May 2016 to March 2020. He was Controller of the Company from September 2006 until May 2016, was Senior Director & Assistant Controller from February 2004 to September 2006, and was Director, Marketing and Reservations, Finance from October 2002 until February 2004. Prior to joining the Company, he was employed by American Express Tax & Business Services, Inc. from January 1994 to October 2002, last serving as Senior Manager from October 2000 to October 2002.

Dominic E. Dragisich - Executive Vice President, Operations and Chief Global Brand Officer since September 2023. He was previously Chief Financial Officer from March 2017 to September 2023. Prior to joining the Company, he was employed by XO Communications as Chief Financial Officer from July 2015 to February 2017 and Vice President, Financial Planning and Analysis ("FP&A") and Strategic Finance from September 2014 to July 2015. Before that, he was Senior Director, IR Business Consultancy of Marriott International from October 2013 to September 2014, Global Director of FP&A of NII Holdings, Inc. from March 2012 to October 2013, and held various management positions at Deloitte Consulting from 2004 to 2012.

Simone Wu - Senior Vice President, General Counsel, Corporate Secretary & External Affairs since 2015. She was Senior Vice President, General Counsel, Corporate Secretary & Chief Compliance Officer from 2012 to 2015. Prior to joining the Company in 2012, she was employed by XO Communications and its affiliates as Executive Vice President, General Counsel and Secretary from 2011 until 2012, Senior Vice President, General Counsel and Secretary from 2006 to 2011, Vice President, the acting General Counsel and Secretary from 2005 to 2006, Vice President and Assistant General Counsel from 2004 until 2005, and Senior Corporate Counsel from 2001 until 2004. Before that, she was Vice President of Legal and Business Affairs at LightSource Telecom, held legal and business positions at MCI and AOL, and began her legal career in 1989 at Skadden, Arps, Slate, Meagher & Flom. Ms. Wu serves on the Board of Alarm.com.

Robert McDowell - Chief Commercial Officer since February 2016. He was Senior Vice President, Marketing and Distribution from May 2011 until January 2016. Prior to joining the Company, he was employed by United Airlines from 1995 to 2006. He joined C+H International as Chief Operating Officer from January to December 2007. He rejoined United Airlines January 2008 to 2011 as Managing Director of Distribution and eCommerce.

Patrick J. Cimerola - Chief Human Resources Officer since 2015. He was Senior Vice President, Human Resources and Administration from September 2009 to 2015. He was Vice President of Human Resources from January 2003 to September 2009. He was Sr. Director of Human Resources from January 2002 to January 2003.

Raul Ramirez Sanchez - Chief Segment and International Operations Officer since August 2023. He was Chief Strategy and International Operations Officer from October 2021 to August 2023. He was Senior Vice President, Head of International, Strategy & Enterprise FP&A from June 2020 until October 2021. He was Senior Vice President, International Strategy and Enterprise FP&A from August 2019 until June 2020 and Vice President, Strategic Finance and FP&A from August 2017 to August 2019. Prior to joining the Company, he was Head of Finance, XO Business Unit for Verizon Communications from February 2019 until August 2019 and was employed at XO Communications as Vice President, Financial Planning and Analysis and Corporate Development from September 2015 until January 2019.

Noha Abdalla - Chief Marketing Officer since August 2022. Prior to joining the Company, she was employed by MyEyeDr. as Chief Marketing Officer from November 2020 to August 2022. Before that, she was employed by Hilton from July 2018 to November 2020 as the Global Vice President, Social Media, and Global Vice President, Digital and Content Marketing, and by Capital One from September 2011 to March 2018 in various roles, most recently as Vice President, Digital Brand Strategy and Social Media.

Anna Scozzafava - Chief Strategy Officer and Senior Vice President, Technology since September 2023. She was previously Senior Vice President and General Manager, Extended Stay Brands from August 2023 through September 2023, and Vice President, Extended Stay Brands, Strategy & Operations from July 2019 through September 2023. She was also previously Vice President, Strategy and Planning from November 2017 through July 2019, Senior Director, Corporate Strategy and Planning from July 2016 through October 2017, Director, Corporate Strategy from January 2014 through June 2016, Manager, Corporate Strategy from October 2012 through December 2013, and Project Manager, Corporate and Business Strategy from May 2011 through October 2012. Prior to joining the Company, she was employed by Corporate Executive Board from December 2005 through May 2011.

Item 1A. Risk Factors

Choice Hotels International, Inc. and its subsidiaries are subject to various risks, which could have a negative effect on the Company and its financial condition, results of operations, and cash flows. These risks could cause actual results to differ from those expressed in certain “Forward-Looking Statements” contained in this Form 10-K as well as in other Company communications. Before you invest in our securities, you should carefully consider these risk factors together with all other information included in our publicly filed documents.

Business and Operational Risks

We are subject to the operating risks common in the lodging and franchising industries.

A significant portion of our revenue is derived from fees based on room revenues at hotels franchised under our brands. We also derive revenue from management fees from our managed hotels. As such, our business is subject, directly or through our franchisees, to the following risks common in the lodging and franchising industry, among others:

- changes in the number of hotels operating under franchised brands;
- changes in the relative mix of franchised hotels in the various lodging industry price categories;
- changes in occupancy and room rates achieved by hotels;
- desirability of hotel geographic location;
- changes in general and local economic and market conditions, which can adversely affect the level of business and leisure travel, and therefore the demand for lodging and related services;
- inflationary conditions;
- level of consumer unemployment;
- increases in operating costs that may not be able to be offset by increases in room rates, such as through increases in minimum wage levels;
- increases in corporate-level operating costs, including increases in employee compensation and benefits, resulting in lower operating margins;
- the availability and cost of capital to allow hotel owners and developers to build new hotels and fund investments;
- changes in travel patterns;
- global health developments, public health crises, pandemics, or epidemics;
- travelers’ fears of exposure to contagious diseases or to insect infestations in hotel rooms and certain geographic areas;
- the impact of earthquakes, hurricanes, fires, floods, and other natural disasters;
- changes in governmental regulations that influence or determine wages, benefits, prices or increase operating, maintenance or construction costs of us and our franchisees;
- changes by governmental agencies and within relevant legal systems of prevailing opinion and interpretation of new or existing rules, regulations and legal doctrine, particularly those limiting the liability of franchisors for employment and general liability claims involving franchisees;
- the impact of any potential U.S. federal government shutdown;
- security concerns or travel restrictions (whether security-related or otherwise) imposed by governmental authorities that have the effect of discouraging or limiting travel to and from certain jurisdictions;
- the costs and administrative burdens associated with compliance with applicable laws and regulations, including, among others, franchising, lending, privacy, marketing and sales, licensing, labor, climate change, employment and regulations applicable under the Office of Foreign Asset Control and the Foreign Corrupt Practices Act;
- the financial condition of franchisees and travel related companies;

- franchisors' ability to develop and maintain positive relations with current and potential franchisees; and
- changes in exchange rates or economic weakness in the United States (affecting domestic travel) and internationally.

We depend on the skill, ability, and decisions of third-party operators.

We utilize third-party operators to provide significant services, such as providing general reservation call center services, providing loyalty member call center support, providing data center co-location services, inspecting our franchisees and providing support, hardware and data for the use of our property management and central reservation services systems.

In addition, we rely on third-party providers to provide market and competitor information that is utilized in our strategic decision-making process. The failure of any third-party operator or provider to make decisions, perform their services, discharge their obligations, deal with regulatory agencies, provide accurate information and comply with laws, rules and regulations could result in material adverse consequences to our business.

We are subject to certain risks related to our indebtedness.

We cannot assure you that our business will generate sufficient cash flow from operations to enable us to pay our indebtedness or to fund our other liquidity needs. If we fail to generate sufficient cash flow from future operations to meet our debt service obligations, we may need to refinance all or a portion of our debt on or before maturity. We cannot assure you that we will be able to refinance any of our debt on attractive terms, commercially reasonable terms or at all. Our future operating performance and our ability to service, extend or refinance our indebtedness will be subject to future economic conditions and to financial, business, and other factors, many of which are beyond our control. Our present indebtedness and future borrowings could have important adverse consequences to us, such as:

- making it more difficult for us to satisfy our obligations with respect to our existing indebtedness;
- limiting our ability to obtain additional financing;
- requiring a substantial portion of our cash flow to be used for principal and interest payments on the debt, thereby reducing our ability to use cash flow to fund working capital, capital expenditures, pay dividends and/or repurchase our common stock;
- limiting our ability to respond to changing business, industry and economic conditions and to withstand competitive pressures, which may affect our financial condition;
- causing us to incur higher interest expense in the event of increases in interest rates on our borrowings that have variable interest rates or in the event of refinancing existing debt at higher interest rates;
- limiting our ability to make investments or acquisitions;
- increasing our vulnerability to downturns in our business, our industry or the general economy and restricting us from making improvements or acquisitions or exploring business opportunities;
- placing us at a competitive disadvantage to competitors with less debt or greater resources; and
- subjecting us to financial and other restrictive covenants in our indebtedness the non-compliance with which could result in an event of default.

A portion of our borrowings are at variable rates of interest, and to the extent not protected with interest rate hedges, could expose us to market risk from adverse changes in interest rates. Unless we enter into interest rate hedges, if interest rates increase, our debt service obligations on the variable-rate indebtedness could increase significantly even though the amount borrowed would remain the same.

We are subject to certain risks related to litigation filed by or against us.

Legal or governmental proceedings brought by or on behalf of franchisees, third-party owners of managed properties, employees or customers may adversely affect our financial results. We cannot predict with certainty the cost of defense, the cost of prosecution or the ultimate outcome of litigation filed by or against us, including, remedies or damage awards. This litigation may involve, but is not limited to, actions or negligence by franchisees outside of our control. Our business along with the hospitality industry generally, faces risks that could cause damage to our reputation and to the value of our hotel brands, along with litigation-related fees and costs, in connection with claims related to purported incidents of human trafficking at hotel facilities. Our franchise agreements provide that we are not liable for the actions of our franchisees; however, there is no guarantee that we would be insulated from liability in all cases. Moreover, we may be involved in matters such as class actions,

administrative proceedings, employment and personal injury claims, and litigation with or involving our relationship with franchisees and the legal distinction between our franchisees and us for employment law or general liability purposes, for which the cost and other effects of defense, settlements or judgments may require us to make disclosures or take other actions that may affect perceptions of our brand and products and adversely affect our business results.

Our international operations are subject to political and monetary risks.

We have franchised hotels open and operating in 46 countries and territories outside of the United States. We also have, and may in the future make, investments in foreign hotel franchisors. International operations generally are subject to greater economic, political and other risks than those affecting United States operations. In certain countries, these risks include the risk of war, conflict or civil unrest, political instability, disruptions caused by terrorist activities or otherwise, expropriation and nationalization.

Moreover, our international operations are subject to compliance with anti-corruption and anti-bribery laws and other foreign laws and regulations. While we have policies in place to enforce and monitor internal and external compliance with these laws, we cannot guarantee that our policies will always protect us from reckless or criminal acts committed by our employees, franchisees or third-parties with whom we work. The United States also imposes sanctions that restrict U.S. companies from engaging in business activities with certain persons or entities, foreign countries, or foreign governments that it determines are adverse to U.S. foreign policy interests. From time to time, we may face audits or investigations by one or more domestic or foreign governmental agencies relating to our international business activities, compliance with which could be costly and time-consuming, and could divert our management and key personnel from our business operations. Further, investigations by regulatory agencies have been increasing and, therefore, it may become increasingly costly and time-consuming to maintain proper internal controls. If we are found liable for violations of anti-corruption or sanctions laws, we could incur criminal or civil liabilities which could have a material adverse effect on our results of operations, our financial condition and our reputation. Furthermore, the creation of new restrictions in these areas could increase our cost of operations, reduce our profits, or cause us to forgo development opportunities that would otherwise contribute to our profitability.

Additional factors may also impact our international operations. The laws of some international jurisdictions do not adequately protect our intellectual property and restrict the repatriation of non-U.S. earnings. Various international jurisdictions also have laws limiting the right and ability of non-U.S. entities to pay dividends and remit earnings to affiliated companies unless specified conditions have been met. In addition, revenues from international jurisdictions typically are earned in local currencies, which subjects us to risks associated with currency fluctuations. Currency devaluations and unfavorable changes in international monetary and tax policies could have a material adverse effect on our profitability and financing plans, as could other changes in the international regulatory climate. Our future performance could be adversely affected by weak economic conditions in any region where we operate, and uncertainty regarding the pace of economic growth in different regions of the world makes it difficult to predict future profitability levels. We intend to continue to expand internationally, which would make the risks related to our international operations more significant over time.

Labor shortages could restrict our ability and the ability of franchisees to operate hotel properties or grow our business or result in increased labor costs that could adversely affect the results of operations.

Our success depends in part on our ability to attract, retain, train, manage and engage employees. A number of factors may adversely affect the labor force available to us or our franchisees. If we or our franchisees are unable to attract, retain, train, manage and engage skilled individuals, the ability to staff and operate the hotels that we manage, own or franchise could be diminished, which could reduce customer satisfaction and adversely affect the reputation of our brands. Staffing shortages in various parts of the world also could hinder our ability to grow and expand our businesses. In addition, the efforts and abilities of our senior executives are important elements of maintaining our competitive position and driving future growth, and the loss of the services of one or more of our senior executives could result in challenges executing our business strategies or other adverse effects on our business.

Climate change and sustainability related concerns could have a material adverse effect on our business and results of operations.

We are subject to the physical and transition risks associated with climate change and extreme weather events. These risks include changes in sea levels, water shortages, droughts, and natural disasters which may increase in frequency and severity; changing consumer preferences; and changes in laws and regulations related to climate change, regulating greenhouse gas emissions (including carbon pricing, cap and trade systems or a carbon tax), energy policies, and sustainability. Compliance with future climate-related legislation and regulation, and our voluntary efforts to achieve science-based emissions reduction targets, could be difficult and costly. Furthermore, standards for tracking and reporting such matters continue to evolve. Our selection of voluntary disclosure frameworks and standards, and the interpretation or application of those frameworks and standards, may change from time to time or differ from those of others. Methodologies for reporting these data may be updated and previously reported data may be adjusted to reflect improvement in availability and quality of third-party data, changing

assumptions, changes in the nature and scope of our operations (including from acquisitions and divestitures), and other changes in circumstances, which could result in significant revisions to our current goals, reported progress in achieving such goals, or ability to achieve such goals. If we fail to achieve, or are perceived to have failed or been delayed in achieving, or improperly report our progress toward achieving these targets, it could negatively affect customer preference for our brands or investor confidence in our stock, as well as expose us to enforcement actions and litigation. Consumer travel preferences may also shift due to sustainability-related concerns or costs. Our owned, managed, and franchised hotels may experience higher costs of energy, higher insurance premiums or policies that do not fully cover all climate-related risks, or physical damage that could negatively impact their ability to operate. As a result of the foregoing, we may experience significant increased operating and compliance costs, operating disruptions or limitations, reduced demand, constraints on our growth, and physical damage to our hotels, all of which could adversely affect our profits or growth.

Risks Related to Our Franchise System

We may not grow our franchise system or we may lose business by failing to compete effectively or by failing to manage the reputations of our brands.

Our success and growth prospects depend on the strength and desirability of our brands, particularly in the extended stay, midscale, and upper midscale hotel franchise chains which represents a significant portion of our business. We believe that hotel operators choose lodging franchisors based primarily on the value and quality of each franchisor's brand and services, the extent to which affiliation with that franchisor may increase the hotel operator's reservations and profits, and the franchise fees charged. Demographic, economic or other changes in markets may adversely affect the desirability of our brands and, correspondingly, the number of hotels franchised under the Company's brands.

We compete with other lodging companies for franchisees. As a result, the terms of new franchise agreements may not be as favorable as our current franchise agreements. For example, competition may require us to reduce or change fee structures, make greater use of financial incentives, including franchise agreement acquisition costs, loans and guaranties to acquire franchisees and/or reduce the level of property improvements required before operating under our brand names. This could potentially impact our cash flows and margins negatively. New competition may also emerge using different business models with a lesser reliance on franchise fees. In addition, an excess supply of hotel rooms or unfavorable borrowing conditions may discourage potential franchisees from expanding or constructing new hotels, thereby limiting a source of growth of the franchise fees received by us.

Also, each of our hotel brands competes with major hotel chains in national and international markets and with independent companies in regional markets. Our ability to remain competitive and to attract and retain business and leisure travelers depends on our success in distinguishing our products and services from those offered by our competitors. If we are unable to compete successfully in these areas, this could adversely affect our market share and our results of operations. An adverse incident involving our franchisees or their guests, and any media coverage resulting therefrom, could also damage our brands and reputation.

Many factors influence our reputation and the value of our hotel brands including the perception held by guests, our franchisees, our other key stakeholders and the communities in which we do business. Our business faces increasing scrutiny related to environmental, social and governance activities and the risk of damage to our reputation and the value of our hotel brands if we (or our franchisees) fail to act responsibly or comply with regulatory requirements in a number of areas, such as safety and security, responsible tourism, environmental stewardship, supply chain management, climate change, human trafficking, diversity, human rights, philanthropy and support for local communities.

The considerable increase in the use of social media over recent years has greatly accelerated the speed at which negative publicity, feedback, criticism and other information, whether or not based in fact, could spread and the scope of its dissemination, which could lead to litigation, increase our costs, or result in a negative impact on our reputation or loss of consumer confidence in our brands.

We may not achieve our objectives for growth in the number of franchised hotels.

The number of properties and rooms franchised under our brands significantly affects our results. There can be no assurance that we will be successful in achieving our objectives with respect to growing the number of franchised hotels in our system or that we will be able to attract qualified franchisees. The growth in the number of franchised hotels is subject to numerous risks, many of which are beyond the control of our franchisees or us. Among other risks, the following factors affect our ability to achieve growth in the number of franchised hotels:

- the ability of our franchisees to open and operate additional hotels profitably. Factors affecting the opening of new hotels, or the conversion of existing hotels to a Choice brand, include, among others:

- the availability of hotel management, staff and other personnel;
 - the cost and availability of suitable hotel locations;
 - the availability and cost of capital to allow hotel owners and developers to fund investments;
 - cost effective and timely construction of hotels (which construction can be delayed due to, among other reasons, availability of financing, labor and materials availability, labor disputes, local zoning and licensing matters, and weather conditions); and
 - securing required governmental permits.
- our ability to continue to enhance our reservation, operational and service delivery systems to support additional franchisees in a timely, cost-effective manner;
 - our formal impact policy, which may offer certain franchisees protection from the opening of a same-brand property within a specified distance;
 - the effectiveness and efficiency of our development organization;
 - our failure to introduce new brands that gain market acceptance;
 - our dependence on our independent franchisees' skills and access to financial resources necessary to open the desired number of hotels; and
 - our ability to attract and retain qualified domestic and international franchisees.

We are currently planning to further expand in many of the international markets where we currently operate, as well as in select new markets. This may require considerable management time as well as start-up expenses for market development before any significant revenues and earnings are generated. Operations in new foreign markets may achieve low margins or may be unprofitable, and expansion in existing markets may be affected by local economic and market conditions. Therefore, as we expand internationally, we may not experience the operating margins we expect, our results of operations may be negatively impacted and our stock price may decline.

We may have disputes with the owners of our franchised hotels or their representative franchisee associations.

Our responsibilities under our franchise agreements may be subject to interpretation and may give rise to disagreements in some instances. Such disagreements may be more likely when hotel returns are depressed as a result of economic conditions. We seek to resolve any disagreements in order to develop and maintain positive relations with current and potential hotel owners as well as their representative franchisee associations. However, failure to resolve such disagreements could result in litigation with outcomes that may be adverse to our economic interests.

Under certain circumstances our franchisees may terminate our franchise contracts.

We franchise hotels to independent third parties pursuant to franchise agreements. These agreements may be terminated, renegotiated or expire but typically have an initial term of between ten and thirty years. These agreements also typically contain provisions permitting either party to terminate the franchise agreement upon designated anniversaries of the agreement under certain circumstances and depending on the particular hotel brand that is licensed to the franchisee. While our franchise agreements provide for liquidated damages to be paid to us by franchisees whose agreements have been terminated as the result of a violation of the provisions of the agreement, these damage amounts are typically less than the fees we would have received if the terminated franchisee fulfilled its contractual obligations. In addition, there can be no assurance that we will be able to replace expired or terminated franchise agreements, or that the provisions of renegotiated or new agreements will be as favorable as the provisions that existed before such expiration, replacement or renegotiation. Further, ownership of a significant number of franchise contracts by one or a small group of franchisees, particularly if concentrated within a particular brand, may compound risks of termination since a large number of properties could be terminated at once, decreasing the scope and representation of an impacted brand. As a result, our revenues could be negatively impacted by any of these events.

Deterioration in the general financial condition of our franchisees may adversely affect our results.

Our operating results are impacted by the ability of our franchisees to generate revenues at properties they franchise from us. An extended period of occupancy or room rate declines may adversely affect the operating results and financial condition of our franchisees. These negative operating conditions could result in the financial failure of our owners and result in a termination of

the franchisee for non-payment of franchise fees or require the transfer of ownership of the franchise. In those instances where ownership is transferred, there can be no assurance that the new owners will choose to affiliate with our brands.

The hotel industry is highly competitive. Competition for hotel guests is based primarily on the level of service, quality of accommodations, convenience of locations and room rates. Our franchisees compete for guests with other hotel properties in their geographic markets. Some of their competitors may have substantially greater marketing and financial resources than our franchisees, and they may construct new facilities or improve their existing facilities, reduce their prices or expand and improve their marketing programs in ways that adversely affect our franchisees' operating results and financial condition. In addition, the ability of our franchisees to compete for guests directly impacts the desirability of our brands to current and prospective franchisees.

These factors, among others, could adversely affect the operating results and financial condition of our franchisees and result in declines in the number of franchised properties and/or franchise fees and other revenues derived from our franchising business. In addition, at times, the Company provides financial support to our franchisees via notes and guaranties. Factors that may adversely affect the operating results and financial condition of these franchisees may result in the Company incurring losses related to this financial support.

We may not be able to recover advances for system services that we may at certain times provide to our franchisees.

The Company is obligated to use the marketing and reservation system fees it collects from the current franchisees comprising its various hotel brands to provide system services, such as marketing and reservations services, that are appropriate to fulfill our obligations under the Company's franchise agreements. In discharging our obligation to provide sufficient and appropriate system services, the Company has the right to expend funds in an amount reasonably necessary to ensure the provision of such services, regardless of whether or not such amount is currently available to the Company for reimbursement.

Under the terms of its franchise agreements, the Company has the contractually enforceable right to assess and collect from its current franchisees fees sufficient to pay for the system services the Company has provided or procured for the benefit of its franchisees, including fees to reimburse the Company for past services rendered. The Company's current franchisees are contractually obligated to pay any assessment the Company imposes on them to obtain reimbursement of any systems services advances regardless of whether the franchisees continue to generate gross room revenue and whether or not they joined the system following the deficit's occurrence. However, our ability to recover these advances may be adversely impacted by certain factors, including, among others, declines in the ability of our franchisees to generate revenues at properties they franchise from us. An extended period of occupancy or room rate declines or a decline in the number of hotel rooms in our franchise system could result in the generation of insufficient funds to recover system services advances as well as meet the ongoing system service needs of our franchisees.

Our franchisees may fail to make the investments necessary to maintain or improve their properties, preference for our brands and our reputation could suffer and our franchise agreements with these franchisees could terminate.

Our franchised properties are governed by the terms of franchise agreements. Substantially all of these agreements require property owners to comply with standards that are essential to maintaining our brand integrity and reputation. We depend on our franchisees to comply with these requirements by maintaining and improving properties through investments, including investments in furniture, fixtures, amenities and personnel.

Franchisees may be unable to access capital or unwilling to spend available capital when necessary, even if required by the terms of our franchise agreements. If our franchisees fail to make investments necessary to maintain or improve the properties we franchise, our brand preference and reputation could suffer. In addition, if franchisees breach the terms of our agreements with them, we may elect to exercise our termination rights, which would eliminate the revenues we earn from these properties and cause us to incur expenses related to terminating these relationships. These risks become more pronounced during economic downturns.

We and our franchisees are reliant upon information technology systems to operate our business and remain competitive, and any disruption or malfunction or failure to adapt to technological developments could adversely affect our business.

The lodging industry depends upon the use of sophisticated information technology and systems including those utilized for reservations, property management, procurement, hotel revenue management, operation of our customer loyalty programs, communications, and our administrative systems. We also maintain physical facilities to support these systems and related services.

Information technology and systems that we rely upon are or may be vulnerable to damage or interruption from:

- penetration by individuals or entities seeking to disrupt operations or misappropriate information and other breaches of security;

- fraud, misuse and other unauthorized access to customer loyalty program accounts or interference with these systems;
- computer viruses, software errors, and design or security vulnerabilities;
- power losses, computer systems failures, internet and telecommunications or data network failures, service provider negligence, improper operation by or supervision of employees, user error, physical and electronic losses of data and similar events; and
- earthquakes, hurricanes, fires, floods, and other natural disasters.

Disruptions, failures, or malfunctions in technology can impact our revenue as well as our ability to retain existing franchisees and attract new franchisees to our system. Further, rewards earned through our customer loyalty programs are vulnerable to fraud, misuse and unauthorized access for financial gain or other improper purposes. Any loss of data or funds, security breaches or even unsuccessful attempts at unauthorized access could harm our reputation, our relationship with our customer loyalty program members and our relationship with co-branded credit card companies. Further, such events could expose us to potential litigation as well as expenses associated with remediation and other impacts.

In addition, the operation of many of these systems is dependent upon third-party data communication networks and software upgrades, maintenance, and support. These technologies and systems can be expected to require refinements, updates or replacements, and there is the risk that advanced new technologies will be introduced. There can be no assurance that as various systems and technologies become outdated or new technology is required, we will be able to replace or introduce them as quickly as our competitors or within budgeted costs for such technology.

There can also be no assurance that improvements or upgrades to technologies and systems will maintain or improve the performance, reliability, security, and integrity of our systems or that we will achieve the benefits that may have been anticipated from such improvements or upgrades. Further, there can be no assurance that disruptions of the operation of these systems will not occur as a result of failures related to our internal or third-party systems and support.

Risks Related to Our Brands

We are subject to the risks relating to the acquisition of new brands or lines of business.

From time-to-time, we consider acquisitions of new brands that complement our current portfolio of brands. In many cases, we will be competing for these opportunities with third parties who may have substantially greater financial resources or different or lower acceptable return requirements than we do. There can be no assurance that we will be able to identify acquisition candidates, acceptable new markets or complete transactions on commercially reasonable terms or at all. If transactions are consummated or new markets entered, there can be no assurance that any anticipated benefits will actually be realized. Similarly, there can be no assurance that we will be able to obtain additional financing for acquisitions or investments, or that the ability to obtain such financing will not be restricted by the terms of our existing debt agreements. Furthermore, if events or changes in circumstances indicate that the carrying value of the acquisition costs are not recoverable, we may be required to record a significant non-cash impairment charge in our financial statements which may negatively impact our results of operations and shareholders' equity.

New brands may not be accepted by franchisees and consumers.

We have developed and launched additional hotel brands, such as Cambria Hotels, Clarion Pointe, and Everhome Suites, and may develop and launch additional brands in the future. To achieve long-term success for new brands, we may be required to provide capital support to incentivize franchisee development and/or to make direct investments, and these extensions of capital support and direct investments may not yield the expected or anticipated returns and may be disruptive to our asset-light business model. There can be no assurance regarding the level of acceptance of new brands in the development and consumer marketplaces, that costs incurred to develop and grow the brands will be recovered or that the anticipated benefits from these new brands will be realized.

Increasing use by consumers of alternative internet reservation channels may decrease loyalty to our brands and our existing distribution channels, and may influence our distribution strategies, in ways that may adversely affect us.

A significant, and increasing, percentage of hotel rooms are booked through internet travel intermediaries. If these intermediaries are successful in continuing to increase their share of bookings or are otherwise successful in executing strategies to strengthen their commercial and contractual ties to our hotels and hotel guests, these intermediaries may be able to obtain higher commissions, reduced room rates, or other significant contractual and operational concessions from our franchisees or us.

Moreover, some of these internet travel intermediaries hope that consumers will eventually develop brand loyalties to their reservations systems rather than to our lodging brands and our existing distribution channels. As the internet travel intermediary industry continues to consolidate, and/or if well-known or well-financed companies decide to enter the internet travel intermediary space, the resources that the internet travel intermediaries have available and may be willing to apply toward their own marketing and customer loyalty could significantly exceed the resources that we are able to apply for the same purposes.

The increasing use of alternative internet reservation channels influences the way in which we utilize and market the benefits of our existing distribution channel. For example, we have introduced programs such as "Best Internet Rate Guarantee" and a closed-user group pricing to encourage bookings directly through our distribution system. However, there can be no assurance that current margins or levels of utilization associated with these or other strategies will succeed in increasing the booking percentages to our direct channels at the expense of channels controlled by travel intermediaries. In addition, our implementation of programs such as closed-user group pricing may cause travel intermediaries to respond by diverting business away from our hotels by removing or marginalizing our hotels in search results on their platforms.

Finally, there can be no assurance that we will be able to maintain stable commercial or contractual relationships with every significant internet travel intermediary, and any resulting instability may have a significant adverse impact on our business, if for example, our brands are not available through one or more of such intermediaries. Relatedly, we may not be able to negotiate mutually acceptable agreements or renegotiate extensions of agreements with existing internet travel intermediaries upon their expiration, and any such renegotiated or extended agreement may not be entered into on terms as favorable as the provisions that existed before such expiration, replacement or renegotiation.

An increase in the use of AI enabled third-party internet services to book online hotel reservations could adversely impact our business.

Some of our hotel rooms are booked by internet travel intermediaries and other online travel service providers. AI is being used to book hotels through targeted in-feed ads that leverage user data to display relevant hotel options based on interests and location, as well as through AI-powered chatbots that can answer booking questions directly within an app, allowing users to seamlessly initiate the booking process while watching videos on the app platform. In addition, AI can be used to personalize the hotel booking experience by showing users ads for hotels they may be interested in based on their in-app activity. Our business and profitability could be harmed to the extent that online intermediaries succeed in significantly shifting loyalties from our brands to their travel services utilizing these AI tools, diverting bookings away from our direct online channels, or through their fees, increasing the overall cost of internet bookings for our hotels.

Development and brand support activities that involve our co-investment or financing and guaranty support for third parties or development of hotels may result in losses.

As a result of our program to make financial support available to developers in the form of franchise agreement acquisition costs, loans, credit support, such as guaranties, and equity investments, we are subject to investment and credit risks that we would not otherwise be exposed to as a franchisor. In particular, when we make loans to franchisees, agree to provide loan guaranties for the benefit of franchisees, or make equity investments in franchisees, we are subject to all generally applicable credit and investment risks, such as:

- construction delays, cost overruns, or acts of God, such as earthquakes, hurricanes, fires, floods, or other natural disasters that may increase overall project costs or result in project cancellations;
- the possibility that the parties with which we have entered into a co-investment, hotel development, financing, or guaranty relationships could become bankrupt or otherwise lack the financial resources to meet their obligations, or could have or develop business interests, policies, or objectives that are inconsistent with ours; and
- that conditions within credit or capital markets may limit the ability of franchisees or us to raise additional debt or equity that may be required for completion of projects.

In addition to general credit and capital markets risks, we face specific risks stemming from our ability to assess the existing and future financial strength of the franchisee and its principals, the development/construction abilities of the franchisee or third-party parties hired by us to develop hotels, the expected performance of the hotel in light of the forecasted general, regional and market-specific economic climate, and the ability to negotiate for, value, and if necessary collect security for our loans or obligations. If we do not accurately assess these risks, our assumptions used to make these estimates prove inaccurate, or situations in the credit market or hospitality industry change in a manner we did not anticipate, our loans and investments may become impaired and/or we may be required to make payment under guaranties we have issued. In such instances, there is no assurance that we will be able to recover any or all of such impaired or paid amounts, in which case we will experience losses which could be material.

Our involvement in hotel ownership and hotel development activities to stimulate the development of new brands may result in exposure to losses and be disruptive to our asset-light business model.

While our business model is primarily an asset-light, franchising focused business, there are instances where, typically to support the growth of new hotel brands, we may acquire existing operating hotels and acquire real estate for the purpose of developing new hotels. Of the open hotels in our system, we currently own eight Cambria hotels, one Everhome Suites hotel, one Radisson RED hotel, one Radisson Blu hotel, and one Country Inn & Suites hotel. We are also developing Cambria hotels and Everhome Suites hotels on a standalone basis and with joint venture partners. As a result, fluctuations in fair market values could require us to record a significant non-cash impairment charge in our financial statements in a particular period which may negatively impact our results of operations and shareholders' equity.

As a result of our hotel acquisition, development, and ownership programs, we are subject to the real estate-based investment risk that we would not otherwise be exposed to as a franchisor. In particular, we face specific risks stemming from (1) our ability to assess the fair value of the real estate, (2) the location's suitability for development as a hotel, (3) the availability of zoning or other local approvals needed for development, and (4) the availability and pricing of capital. Although we actively seek to minimize these risks prior to acquiring real estate, there is no assurance that we will be able to recover the costs of our investments, in which case we will experience losses which could be material.

Failure to protect our trademarks and other intellectual property could impact our business.

We believe that our trademarks and other intellectual property are fundamental to our brands and our franchising business. We generate, maintain, license and enforce a substantial portfolio of trademarks and other intellectual property rights. We enforce our intellectual property rights to protect the value of our trademarks, our development activities, to protect our good name, to promote our brand name recognition, to enhance our competitiveness and to otherwise support our business goals and objectives. We rely on trademark laws to protect our proprietary rights. Monitoring the unauthorized use of our intellectual property is difficult. Litigation has been and may continue to be necessary to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Litigation of this type could result in substantial costs and diversion of resources, may result in counterclaims or other claims against us and could significantly harm our results of operations. In addition, the laws of some foreign countries do not protect our proprietary rights to the same extent as do the laws of the United States. From time to time, we apply to have certain trademarks registered. There is no guarantee that such trademark registrations will be granted. We cannot assure you that all of the steps we have taken to protect our trademarks in the United States and foreign countries will be adequate to prevent imitation of our trademarks by others. The unauthorized reproduction of our trademarks could diminish the value of our brand and its market acceptance, competitive advantages, or goodwill, which could adversely affect our business.

Risks Related to Different Lines of Business

We may not be able to generate significant procurement services revenue from our platform business.

We are focused on expanding our platform business to provide value-added travel related services to our guests and generate revenues for the Company. As platform revenue has increased, as reflected in our procurement services revenue, we are increasingly dependent on various vendors who make low-cost products available to us and our franchisees and partners who market their services directly to our guests. There can be no assurance that we will be able to retain our relationships with such parties or be able to renew arrangements on favorable terms. There is also no assurance that we will be able to identify new methods for decreasing hotel-operating costs by increasing penetration within our existing franchise system, enhancing our existing vendor relationships, and/or creating new vendor relationships.

Our investment in new business lines is inherently risky and could disrupt our core business.

In the past, we have both acquired and launched internally developed business divisions. We expect to continue to invest in alternate lines of business and may in the future invest in other new business strategies, products, services, and technologies.

Such investments generally involve significant risks and uncertainties, including distraction of management from our core franchising operations, unanticipated expenses, inadequate return of capital on our investments, losses of key customers or contracts, and unidentified issues and risks not discovered in our development or analysis of such strategies and offerings.

Because these new ventures are inherently risky, there can be no assurance that our investments will be successful. If we do not realize the financial or strategic goals that are contemplated at the time we commit to significant investments in support of these ventures, our reputation, financial condition, operating results, and growth trajectory may be impacted.

Investing jointly through affiliates decreases our ability to manage risk.

We have invested and expect to continue to invest in real estate and other hospitality related affiliates. Affiliate members often have shared control over the operation of the affiliate assets and therefore these investments may involve risks such as the possibility that the member in an investment might become bankrupt or not have the financial resources to meet its obligations or have economic or business interests or goals that are inconsistent with our business interests or goals. Consequently, actions by a member might subject us to additional risk, require greater financial support from the Company than initially forecasted (including but not limited to buying out a partner in an affiliate resulting in hotel ownership by the Company) or result in actions that are inconsistent with our business interests or goals.

Risks Related to Cybersecurity and Data Privacy

We are subject to the risks related to cybersecurity.

The hospitality industry is under increasing attack by cyber-criminals. Because of the scope and complexity of our information technology systems and those of our franchisees, our reliance on third-party vendors, and the nature of the cyber threat landscape, our systems may be vulnerable to intrusions, disruptions, and other significant malicious cyber-enabled incidents, including through viruses, malware, ransomware, denial of service attacks, phishing, hacking, deepfake or malicious social engineering schemes, and similar attacks by criminal actors, foreign governments, activists, and terrorists. Cybercriminals have increasingly demonstrated advanced capabilities, such as use of zero-day vulnerabilities, and rapid integration of new technology such as generative artificial intelligence and machine learning technologies. Our systems may also be vulnerable to human error, negligence, fraud, or other misuse. These attacks can be deliberate attacks or unintentional events that could result in theft, unauthorized access, unauthorized alteration, loss, fraudulent or unlawful use of sensitive information or cause interruptions, outages, or delays in our business, loss of data, or render us unable to operate our business. Accordingly, an extended interruption in any of our systems or the systems of our franchisees could significantly curtail, directly and indirectly, our ability to conduct our business and generate revenue. Like most large multinational companies, we have experienced, and expect to continue to be subject to, cybersecurity threats and attempts to disrupt or gain access to our systems and those operated by our franchisees, and attempts to affect the confidentiality, availability, and integrity of our data, none of which are known to be material to the Company to date.

We seek to minimize the impact of these cybersecurity incidents through the use of various technologies, processes and practices designed to help protect our networks, systems, computers and data from attack, damage or unauthorized access. We continuously assess our security posture, seek to implement appropriate risk reduction measures, enhance our operating processes, improve our defenses and take other measures to strengthen our cybersecurity program. Cybersecurity threats are constantly evolving and becoming more sophisticated, which increases the difficulty and cost of detecting and defending against them. Incidents can be difficult to detect for long periods of time and can involve complex or extended assessment and remediation periods, which could magnify the severity of an incident. Accordingly, there are no guarantees that our cybersecurity practices and our efforts to implement appropriate risk reduction measures will be sufficient to prevent or mitigate attacks, and our defense strategies may ultimately prove ineffective as threat actors evolve and become more sophisticated. While we carry cyber breach, property, and business operation interruption insurance, we may not be sufficiently compensated for all losses we may incur. These losses include not only a loss of revenues but also potential reputational damage to our brands, serious disruption to our operations, investigations, litigation, and liability due to regulatory fines or penalties or pursuant to our contractual obligations. Furthermore, the Company may also incur substantial remediation costs to repair system damage as well as satisfy liabilities for stolen assets or information that may further reduce our profits. Such losses may have a material adverse effect on our business, financial condition, and results of operations.

Failure to maintain the integrity of internal or customer data could result in faulty business decisions, damage of reputation, and/or subject us to costs, fines or lawsuits.

Our business requires the collection and retention of large volumes of sensitive data, including credit card numbers and other personal information of our employees, franchisees and guests as such information is entered into, processed, summarized, and reported by the various information systems we use. The integrity and protection of that franchisee, guest, employee, and company data is critical to us and our reputation. Our customers have a high expectation that we will adequately protect their personal information, and the failure to do so could result in a material adverse impact to our reputation, operations, and financial condition. Further, the regulatory environment surrounding information security and privacy is increasingly demanding, both in the United States and in the international jurisdictions in which we operate. If the Company fails to maintain compliance with the various United States and international laws and regulations applicable to the protection of such data or with the Payment Card Industry Data Security Standards, the Company's ability to process such data could be adversely impacted and expose the Company to fines, litigation or other expenses or sanctions.

Privacy laws and *regulations could adversely affect our ability to transfer guest data and market our products effectively and could be applied to impose costs, fines, and operational conditions on our business in the event of perceived non-compliance, and could otherwise impact our results from operations.*

Our business operations are subject to various U.S. and international privacy and data protection laws. Any future changes or restrictions in U.S. or international privacy and data protection laws could adversely affect our operations, including our ability to transfer guest data, which could adversely impact guest bookings. For example, the California Privacy Rights Act (CPRA) imposes new compliance requirements on businesses that collect personal information from California residents. Compliance with requirements imposed by the CPRA, the European Union General Data Protection Regulation (GDPR) and similar laws, or any future changes in such laws or additional restrictions, could result in significant costs and require us to change some of our business practices. Failure to comply could expose the Company to fines, litigation, or other expenses or sanctions, as well as reputational harm.

We also rely on a variety of direct marketing techniques, including telemarketing, SMS, email, and postal mailings. Any future restrictions in laws such as Telemarketing Sales Rule, Controlling the Assault of Non-Solicited Pornography & Marketing Act (CAN-SPAM Act), and various United States state laws, or new federal laws regarding marketing and solicitation or international data protection laws that govern these activities could adversely affect the continuing effectiveness of telemarketing, SMS, email, and postal mailing techniques and could force changes in our marketing strategies. If this occurs, we may not be able to develop adequate alternative marketing strategies, which could impact the amount and timing of our revenues. We also obtain access to potential customers from travel service providers and other companies with whom we have substantial relationships and market to some individuals on these lists directly or by including our marketing message in the other company's marketing materials. If access to these lists was prohibited or otherwise restricted, our ability to develop new customers and introduce them to our products could be impaired.

Legal and Regulatory Risks

Government franchise and tax regulation could impact our business.

The FTC, various states, and certain foreign jurisdictions where we market franchises regulate the sale of franchises. The FTC requires franchisors to make extensive disclosure to prospective franchisees but does not require registration. A number of states in which our franchisees operate require registration and disclosure in connection with franchise offers and sales. In addition, several states in which our franchisees operate have "franchise relationship laws" that limit the ability of the franchisor to terminate franchise agreements or to withhold consent to the renewal or transfer of these agreements. While our business has not been materially affected by such regulation, there can be no assurance that this will continue or that future regulation or legislation will not have such an effect.

The determination of our worldwide provision for income taxes and other tax liabilities requires estimation and significant judgment and there are many transactions and calculations where the ultimate tax determination is uncertain. Like many other multinational corporations, we are subject to tax in multiple United States and foreign tax jurisdictions and have structured our operations to reduce our effective tax rate. Our determination of our tax liability is always subject to audit and review by applicable domestic and foreign tax authorities. Any adverse outcome of any such audit or review could have a negative effect on our business, operating results and financial condition. The ultimate tax outcome may differ from the amounts recorded in our financial statements and may materially affect our financial results in the period or periods for which such determination is made.

We may be deemed to be a joint employer with our franchisees under certain new laws, rules, and regulations.

Companies that operate franchise systems may be subject to liabilities and claims relating to the franchisor/franchisee relationship, such as for allegedly being a joint employer with a franchisee. Changes in laws or regulations relating to this relationship could result in a determination that we are a "joint employer" with our franchisees or that our franchisees are part of one unified system subject to joint and several liability. Such a determination could subject us to liability for employment-related and other liabilities of our franchisees and could cause us to incur other costs that have a material adverse effect on our results of operations and profit.

Anti-takeover and Control Risks

Anti-takeover provisions may prevent a change in control.

Our restated certificate of incorporation and the Delaware General Corporation Law each contain provisions that could have the effect of making it more difficult for a party to acquire, and may discourage a party from attempting to acquire, control of our Company without the approval of our Board of Directors. These provisions, together with the concentration of our share ownership, could discourage tender offers or other bids for our common stock at a premium over market price.

The concentration of share ownership may influence the outcome of certain matters.

The concentration of share ownership by our directors and affiliates allows them to substantially influence the outcome of matters requiring shareholder approval. As a result, acting together, they may be able to control or substantially influence the outcome of matters requiring approval by our shareholders, including the elections of directors and the approval of significant corporate transactions, such as mergers, acquisitions, and equity compensation plans. In addition, if directors and affiliates are acquiring and holding more shares, our share repurchase program may further concentrate our share ownership in our directors and affiliates.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Risk Management and Strategy

Cybersecurity is an important element of the Company's overall enterprise risk management program. The Company has a multilayered system to assess, identify, and manage cybersecurity risks. The system is designed to help protect the Company's information assets and operations from internal and external cyber threats. The system is used to understand and manage risks to help support business resiliency and to protect data subjects' information from unauthorized access or attack, as well as to secure the Company's networks, systems, devices, products, and services. Cybersecurity is incorporated into the Company's enterprise risk management program through membership within and regular reporting to the Enterprise Risk Committee.

The Company devotes significant resources to help protect and evolve the security of its computer systems, software, networks, and other technology assets, and the Company's cybersecurity risk management program includes physical, administrative, and technical safeguards. The Company's cybersecurity policies, standards, and procedures include data breach response plans, which are reviewed regularly. The Company annually assesses its cybersecurity program and safeguards against the National Institute of Standards of Technology Cybersecurity Framework (the "Framework"). The Company's cyber incident response plan is designed to help coordinate our response to, and recovery from, cybersecurity incidents, and includes processes intended to triage, assess the severity of, escalate, contain, investigate, and remediate incidents, as well as to comply with applicable legal obligations.

The Company endeavors to continually refine its policies and practices to help protect its platform, adapt to changes in regulations, identify potential and emerging security risks, and develop mitigations for those risks. For example, the Company seeks to conduct incident simulations and assessments annually to help discover potential vulnerabilities, with the objective to improve decision-making and prioritize and promote the monitoring and reporting across compliance functions. As part of its overall risk mitigation strategy, the Company also maintains cyber insurance coverage.

The Company engages external parties, including consultants, computer security firms, and risk management and governance experts, as part of its cybersecurity program. For example, the Company's independent assessor provides a periodic assessment of the Company's risk posture to help identify threats as well as opportunities to enhance safeguards. Annually, the Company's adherence to the Payment Card Industry Data Security Standard is assessed by an external party which includes one or more penetration tests of the Company's applicable technological environment. The Company has engaged an independent security assessor to evaluate the Company's cybersecurity program against the Framework. Additionally, the cybersecurity program is subject to regular assessment by internal audit and the Company's external auditors. The Company participates in the Retail & Hospitality Information Sharing and Analysis Center ("RH-ISAC") where peer companies are engaged on industry trends and emerging threats, including those relating to cybersecurity.

To help oversee and identify risks from cybersecurity threats associated with the Company's use of third-party service providers, the Company has a third-party information risk management program intended to minimize the likelihood of misuse of Choice data by third parties and business partners and requires that third-party service providers complete a periodic security risk assessment. Depending upon the identified risk, actions such as obligating the third party to remediate the identified deficiencies or termination of the relationship may occur. Also, depending upon the nature of the relationship and data, third party agreements include security and privacy provisions that oblige third parties to abide with applicable regulations and employ reasonable security controls.

The Company's Board of Directors does not believe that there are currently any risks from cybersecurity threats that are reasonably likely to materially affect the Company or its business strategy, financial condition, results of operations, or cash flows.

Governance and Oversight

The Audit Committee of the Company's Board of Directors maintains oversight over cybersecurity risk, in coordination with the full Board of Directors. The Board of Directors and the Audit Committee receive and provide feedback on quarterly updates from management regarding cybersecurity, including highlights of recent incidents throughout the industry and the emerging threat landscape, as well as the prompt notice of any cybersecurity threats or incidents with the potential to significantly impact the Company, including its financial condition, results of operations, and cash flows, and regular updates about incidents with a lesser impact. Cybersecurity updates are rotated quarterly between the Board of Directors and the Audit Committee. The reports generally focus on items such as risk reduction efforts, emerging and existing threats, training initiatives, the status of projects to strengthen cybersecurity, emerging security and privacy regulatory policies and regulations, cybersecurity technologies and best practices, cyber readiness, results of third-party assessments, mitigation efforts, and response plans.

The Company has a Chief Information Security Officer ("CISO") whose team is responsible for leading company-wide cybersecurity strategy, policy, standards, and processes and works across all of the units of the Company to help protect the Company and its employees against cybersecurity risks. The CISO has significant cybersecurity expertise, including prior cybersecurity leadership in banking and insurance organizations. The CISO holds a Master of Business Administration, as well as Certified Information Systems Security Professional, Certified Information Systems Auditor, and Certified Information Security Manager cybersecurity-related certifications. The CISO also serves as a Director for the RH-ISAC.

The Company has also established a cross-functional cybersecurity oversight committee led by our CISO serving as the chair and consisting of executive-level leaders, that is responsible for the Company's cybersecurity, disaster recovery, and business continuity programs. The Company's internal audit team also provides independent assurance on the functional components of the Company's cybersecurity program and reports the results of these audits in its quarterly reports to the Audit Committee.

In an effort to prevent and detect cyber threats, the Company annually provides all employees, including part-time and temporary, with cybersecurity and privacy training, which covers timely and relevant topics, including social engineering, phishing, password protection, data protection, physical security, and educates employees on the importance of reporting all incidents immediately.

Item 2. Properties

Our principal executive offices are located at 915 Meeting Street, Suite 600, North Bethesda, Maryland 20852 and are leased from a third party.

We also lease office space in Scottsdale, Arizona, Minneapolis, Minnesota, and Omaha, Nebraska. The Company also maintains several international regional offices.

Management believes that the Company's existing properties and property commitments are sufficient to meet its present needs and does not anticipate any difficulty in securing additional or alternative space, as needed, on terms that are acceptable to the Company.

We discuss our limited hotel development and ownership program and strategy in Item 1. Business and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. As of December 31, 2024, our wholly-owned hotels consist of eight Cambria hotels (located in Bloomington, MN, Burbank, CA, Columbia, SC, Denver, CO, El Segundo, CA, Houston, TX, New Orleans, LA, and Pittsburgh, PA), an Everhome Suites hotel (located in Fayetteville, NC), a Radisson Blu hotel (located in Bloomington, MN), a Radisson RED hotel (located in Minneapolis, MN), and a Country Inn & Suites hotel (located in Bloomington, MN).

We believe that all of our owned and leased properties are in generally good physical condition with the need for only routine repairs and maintenance and periodic capital improvements.

Item 3. Legal Proceedings

The Company is not a party to any material litigation other than litigation in the ordinary course of business. The Company's management and legal counsel do not expect that the ultimate outcome of any of its currently ongoing legal proceedings, individually or in the aggregate, will have a material adverse effect on the Company's financial position, results of operations, or cash flows.

Item 4. Mine Safety Disclosures

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common shares are traded on the New York Stock Exchange under the symbol "CHH." As of February 11, 2025, there were 841 holders of record of the Company's common stock.

ISSUER PURCHASES OF EQUITY SECURITIES

The following table sets forth the purchases and redemptions of the Company's common stock made by the Company during the year ended December 31, 2024. Refer to the Liquidity and Capital Resources section of Item 7. Management's Discussion and Analysis of Financial Condition and Resulted of Operations for more information.

Month Ending	Total Number of Shares Purchased or Redeemed	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Maximum Number of Shares that may yet be Purchased Under the Plans or Programs, End of Period
January 31, 2024	—	\$ —	—	1,763,472
February 29, 2024	—	—	—	1,763,472
March 31, 2024 ⁽²⁾	494,910	122.39	382,374	6,381,098
April 30, 2024	1,124,226	121.00	1,124,226	5,256,872
May 31, 2024	603,342	118.52	601,707	4,655,165
June 30, 2024	222,864	125.82	222,864	4,432,301
July 31, 2024	160,879	122.72	160,879	4,271,422
August 31, 2024	163,456	123.79	162,687	4,108,735
September 30, 2024	128,594	129.97	128,594	3,980,141
October 31, 2024	82,074	133.01	81,570	3,898,571
November 30, 2024	34,301	145.54	34,301	3,864,270
December 31, 2024	92,300	145.64	87,143	3,777,127
Total	3,106,946	\$ 122.99	2,986,345	3,777,127

(1) During the year ended December 31, 2024, the Company redeemed 120,601 shares of common stock from employees to satisfy the option price and the minimum tax-withholding requirements related to the exercising of options and the vesting of performance vested restricted stock units and restricted stock grants. These redemptions were not part of the share repurchase program.

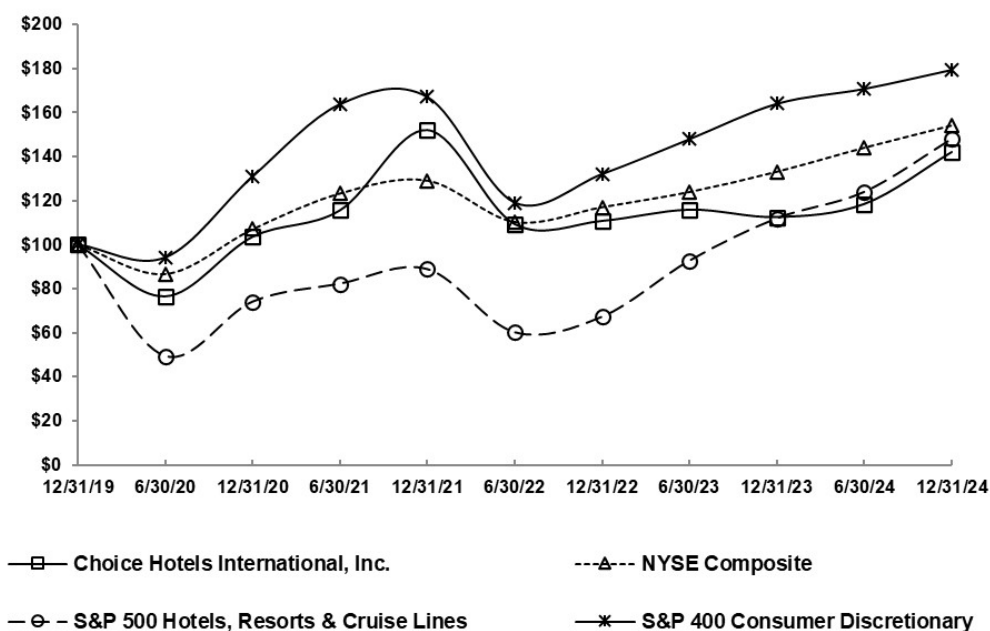
(2) On March 11, 2024, the Company's board of directors approved an increase of 5.0 million shares in the number of shares authorized to be repurchased under its share repurchase program.

STOCKHOLDER RETURN PERFORMANCE

The graph below matches Choice Hotels International, Inc.'s cumulative 5-year total shareholder return on common stock with the cumulative total returns of the NYSE Composite index, the S&P 500 Hotels, Resorts & Cruise Lines index, and the S&P 400 Consumer Discretionary index. The graph tracks the performance of a \$100 investment in our common stock and in each index (with the reinvestment of all dividends) from December 31, 2019 to December 31, 2024.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Choice Hotels International, Inc., the NYSE Composite Index, the S&P 500 Hotels, Resorts & Cruise Lines Index, and the S&P 400 Consumer Discretionary Index.



*\$100 invested on 12/31/19 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

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	12/31/19	6/30/20	12/31/20	6/30/21	12/31/21	6/30/22	12/31/22	6/30/23	12/31/23	6/30/24	12/31/24
Choice Hotels International, Inc.	\$ 100.00	\$ 76.58	\$ 103.59	\$ 115.58	\$ 151.95	\$ 109.32	\$ 110.78	\$ 115.87	\$ 112.53	\$ 118.46	\$ 142.00
NYSE Composite	\$ 100.00	\$ 86.64	\$ 106.99	\$ 123.24	\$ 129.11	\$ 110.32	\$ 117.04	\$ 123.96	\$ 133.16	\$ 144.09	\$ 154.19
S&P 500 Hotels, Resorts & Cruise Lines	\$ 100.00	\$ 49.45	\$ 74.12	\$ 82.26	\$ 88.83	\$ 60.21	\$ 67.29	\$ 92.75	\$ 111.92	\$ 123.92	\$ 147.93
S&P 400 Consumer Discretionary	\$ 100.00	\$ 94.02	\$ 130.99	\$ 163.95	\$ 167.26	\$ 119.07	\$ 132.09	\$ 148.05	\$ 164.16	\$ 170.99	\$ 179.62

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

Item 6. Reserved

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand the consolidated financial condition and the results of operations of Choice Hotels International, Inc. and its subsidiaries (together as "Choice," the "Company," "we," "us," or "our") contained in this report. MD&A is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and the accompanying notes.

Overview

We are primarily a hotel franchisor operating in 49 states, the District of Columbia, and 46 countries and territories. As of December 31, 2024, we had 7,586 hotels with 653,810 rooms open and operating, and 964 hotels with 97,325 rooms under construction, awaiting conversion or approved for development, or committed to future franchise development on outstanding master development agreements (collectively, "pipeline") in our global system. Our brand names include Radisson Blu®, Park Plaza®, Cambria® Hotels, Ascend Hotel Collection®, Radisson RED®, Radisson Individuals®, Radisson®, Radisson Collection®, Clarion®, Clarion Pointe™, Comfort Inn®, Comfort Suites®, Country Inn & Suites® by Radisson, Radisson Inn & SuitesSM, Sleep Inn®, Quality®, Park Inn by Radisson®, Everhome Suites®, WoodSpring Suites®, MainStay Suites®, Suburban Studios™, Econo Lodge®, and Rodeway Inn®.

The hotel franchising business represents the Company's primary operations. The Company's domestic operations are conducted through direct franchising relationships, the ownership of 12 open and operating hotels, and the management of 13 hotels (inclusive of four owned hotels), while its international franchise operations are conducted through a combination of direct franchising and master franchising relationships. Master franchising relationships are governed by master franchising agreements, which generally provide the master franchisee with the right to use our brands and sub-license the use of our brands in a specific geographic region, usually for a fee. As a result of our master franchise relationships and international market conditions, our revenues are primarily concentrated in the United States. Therefore, our description of our business is primarily focused on the domestic operations, which encompasses the United States.

Our Company generates revenues, income, and cash flows primarily from our hotel franchising operations. Revenues are also generated from partnerships with qualified vendors and travel partners that provide value-added solutions to our platform of guests and hotels, hotel ownership, and other ancillary sources. Historically, the hotel industry has been seasonal in nature. For most hotels, demand is typically lower in November through February than during the remainder of the year. Our principal source of revenue is franchise fees, which is based on the gross room revenues or the number of rooms at our franchised properties. The Company's franchise and managed fees, as well as its owned hotels' revenues, normally reflect the industry's seasonality and historically have been lower in the first and fourth quarters than in the second and third quarters of the year.

Because our primary focus is hotel franchising, we benefit from the economies of scale inherent in the franchising business. The fee and cost structure of our franchising business provides opportunities to improve our operating results by increasing the number of franchised hotel rooms and the effective royalty rates in our franchise contracts resulting in increased initial franchise fees, ongoing royalty and licensing fees, and platform and procurement services fees. In addition, our operating results can also be improved through our company-wide efforts related to improving property-level performance and expanding the number of partnerships with travel-related and other companies with products and services that appeal to our guests.

The primary factors that affect the Company's results are: the number and relative mix of hotel rooms in the various hotel lodging price categories, growth in the number of hotel rooms owned and under franchise, occupancy and room rates achieved by the hotels in our system, the effective royalty rate achieved in our franchise agreements, the level of franchise sales and relicensing activity, the number of qualified vendor arrangements and partnerships and the level of engagement with these partners by our franchisees and guests, and our ability to manage costs. The number of rooms in our hotel system and the occupancy and room rates at those hotel properties significantly affect the Company's results because our fees are based upon room revenues or the number of rooms at owned and franchised hotels. The key industry standard for measuring hotel-operating performance is revenue per available room ("RevPAR"), which is calculated by multiplying the percentage of occupied rooms by the average daily room rate ("ADR") realized. Our variable overhead costs associated with the franchise system growth of our established brands have historically been less than the incremental royalty fees generated from new franchises. Accordingly, over the long-term, the continued growth of our franchise business should enable us to realize the benefits from the operating leverage in place and improve our operating results.

We are required by our franchise agreements to use the marketing and reservation system fees we collect for system-wide marketing and reservation system activities. These expenditures, which include advertising costs and the costs to maintain our central reservations systems, enhance awareness and consumer preference for our brands and deliver guests to our franchisees.

Greater awareness and preference promote long-term growth in business delivery to our franchisees and increases the desirability of our brands to hotel owners and developers, which ultimately increases the franchise fees earned by the Company. Additionally, the Company's management agreements include cost reimbursements, which is primarily related to payroll costs at the managed hotels where the Company is the employer.

Our Company articulates its mission as a commitment to our franchisees' profitability by providing our franchisees with hotel franchises that strive to generate the highest return on investment of any hotel franchise. We have developed an operating system dedicated to our franchisees' success that focuses on delivering guests to their hotels and reducing hotel operating costs.

We believe that executing on our strategic priorities creates value for our shareholders. Our Company focuses on the following strategic priorities:

Profitable Growth - Our success is dependent on improving the performance of our hotels, increasing the size of our system by selling additional hotel franchises with a focus on revenue-intense chain scales and markets, improving our effective royalty rate, expanding our qualified vendor and partnership platform programs and maintaining a disciplined cost structure. We attempt to improve our revenues and overall profitability by providing a variety of products and services designed to increase business delivery and/or reduce operating and development costs. These products and services include national marketing campaigns, a guest loyalty program, a central reservation system, property and yield management programs and systems, revenue management services, quality assurance standards, and qualified vendor relationships and partnerships with companies that provide products and services to our franchisees and guests. We believe that healthy brands, which deliver a compelling return on investment, will enable us to sell additional hotel franchises and raise royalty rates. We have multiple brands that meet the needs of many different types of guests, and can be developed at various price points and applied to both new and existing hotels. This ensures that we have brands suitable for creating growth in a variety of market conditions. Improving the performance of the hotels in our system, strategically growing the system through additional franchise sales, and improving franchise agreement pricing while maintaining a disciplined cost structure are the keys to profitable growth.

Maximizing Financial Returns and Creating Value for Shareholders - Our capital allocation decisions, including our capital structure and the uses of capital, are intended to maximize our return on invested capital and create value for our shareholders. Since our business has not historically required significant reinvestment of capital, we typically utilize cash in ways that management believes provides the greatest returns to our shareholders, which include acquisitions, share repurchases, and dividends. Refer to the Liquidity and Capital Resources section in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for more information regarding our capital returns to shareholders.

In addition to our hotel franchising business, we have also developed or acquired 12 open and operating hotels. We intend to continue to strategically develop hotels to increase the presence of our newly introduced brands in the United States, drive greater guest satisfaction and brand preference, and ultimately increase the number of franchise agreements awarded. When developing hotels, we seek key markets with strong growth potential that will deliver strong operating performance and improve the recognition of our brands. Our hotel development and ownership efforts currently focus on the Cambria Hotels and Everhome Suites brands. We believe our owned hotels provide us the opportunity to support and accelerate the growth of these brands. We do not anticipate owning hotels on a permanent basis and we expect to target dispositions to a franchisee encumbered with a long-term Choice franchise agreement in the future.

A key component of our strategy for owned hotels is to maximize revenues and manage costs. We strive to optimize revenues by focusing on revenue management, increasing guest loyalty, expanding brand awareness with targeted customer groupings, and providing superior guest service. Other than four owned hotels, we currently do not manage our owned hotels but utilize the services of third-party management companies that provide their own employees. We manage costs by setting performance goals for our hotel management companies and optimizing distribution channels.

The Company also allocates capital to financing, investment and guaranty support to incentivize franchise development for certain brands in strategic markets. The timing and amount of these investments are subject to market and other conditions.

We believe our growth investments and strategic priorities, when properly implemented, will enhance our profitability, maximize our financial returns, and continue to generate value for our shareholders. The ultimate measure of our success will be reflected in the items below.

Results of Operations - Royalty, licensing and management fees, operating income, net income, and diluted earnings per share ("EPS") represent the key measures of our financial performance. These measures are primarily driven by the operations of our hotel franchise system and therefore, our analysis of the Company's operations is primarily focused on the size, performance, and the potential growth of the hotel franchise system as well as our variable overhead costs.

Our discussion of our results of operations excludes reimbursable franchise marketing and reservation system revenues and expenses and the management agreement cost reimbursements and expenses included in the Company's other revenues from franchised and managed properties and other expenses from franchised and managed properties. The Company's franchise

agreements require the payment of marketing and reservation system fees to be used by the Company for the expenses associated with providing franchise services such as national marketing, media advertising, and central reservation systems. The Company is obligated to expend the marketing and reservation system fees it collects from its franchisees in accordance with the franchise agreements. Furthermore, the franchisees are required to reimburse the Company for any deficits generated by these marketing and reservation system activities. Over time, the Company expects the cumulative revenues and expenses of reimbursable components to break even and, therefore, no income or loss will be generated from the reimbursable marketing and reservation system activities. Additionally, the Company's management agreements include cost reimbursements, which is primarily related to payroll costs at the managed hotels where the Company is the employer. As a result, the Company generally excludes the other revenues and other expenses from franchised and managed properties from the analysis of its operations.

Due to the seasonal nature of the Company's hotel franchising and management business and the multi-year investments required to support the franchise operations, quarterly and/or annual surpluses or deficits may be generated. During the years ended December 31, 2024, 2023, and 2022, other revenues from franchised and managed properties exceeded other expenses from franchised and managed properties by \$36.1 million, \$1.8 million, and \$49.7 million, respectively.

Refer to the Operations Review section in MD&A for additional analysis of our results of operations.

Liquidity and Capital Resources - Historically, the Company has generated significant cash flows from operations. Since our business has not historically required a significant reinvestment of capital, we typically utilize cash in ways that management believes provide the greatest returns to our shareholders, which include acquisitions, share repurchases, and dividends.

We believe the Company's cash on hand, available borrowing capacity under the senior unsecured revolving credit facility, cash flows from operations, and access to additional capital in the debt markets is sufficient to meet the expected future operating, investing, and financing needs of the business. Refer to the Liquidity and Capital Resources section in MD&A for additional analysis.

Inflation - We believe that moderate increases in the rate of inflation will generally result in comparable or greater increases in hotel room rates. We continue to monitor future inflation trends along with the corresponding impacts to our business.

Operations Review

A summary of the financial results for the years ended December 31, 2024 and 2023 was as follows:

(in thousands)	December 31,	
	2024	2023
REVENUES		
Royalty, licensing and management fees	\$ 514,569	\$ 513,412
Initial franchise fees	25,606	27,787
Platform and procurement services fees	75,752	75,114
Owned hotels	113,459	97,641
Other	61,803	46,051
Other revenues from franchised and managed properties	793,650	784,160
Total revenues	1,584,839	1,544,165
OPERATING EXPENSES		
Selling, general and administrative	219,878	216,081
Business combination, diligence and transition costs	17,233	55,778
Depreciation and amortization	43,282	39,659
Owned hotels	83,148	71,474
Other expenses from franchised and managed properties	757,525	782,409
Total operating expenses	1,121,066	1,165,401
Impairment of long-lived assets	—	(3,736)
Operating income	463,773	375,028
OTHER EXPENSES AND INCOME, NET		
Interest expense	87,131	63,780
Interest income	(8,646)	(7,764)
Loss (gain) on extinguishment of debt	331	(4,416)
Other loss (gain)	1,641	(10,649)
Equity in net gain of affiliates	(12,329)	(2,879)
Total other expenses and income, net	68,128	38,072
Income before income taxes	395,645	336,956
Income tax expense	95,980	78,449
Net income	\$ 299,665	\$ 258,507

Results of Operations

For the year ended December 31, 2024, the Company recognized income before income taxes of \$395.6 million, which is a \$58.7 million increase from the year ended December 31, 2023. The increase in income before income taxes was primarily due to an \$88.7 million increase in operating income and a \$9.5 million increase in the equity in net gain of affiliates, both of which were partially offset by a \$23.4 million increase in interest expense, a \$12.3 million decrease in other loss (gain), and a \$4.7 million decrease in loss (gain) on extinguishment of debt.

Operating income increased \$88.7 million primarily due to a \$34.4 million increase in the net surplus generated from other revenues and other expenses from franchised and managed properties, a \$15.8 million increase in other revenues, and a \$38.5 million decrease in business combination, diligence and transition costs.

The primary reasons for these fluctuations are described in more detail below.

Royalty, Licensing and Management Fees

Domestic royalty fees decreased \$3.4 million to \$454.7 million for the year ended December 31, 2024 from \$458.1 million for the year ended December 31, 2023. The decrease in domestic royalty fees was primarily due to a 1.2% domestic system-wide RevPAR decrease as a result of a 0.3% decrease in average daily rates and a 50 basis points decrease in occupancy, all of which were partially offset by a 3.0% increase in open and operating domestic hotel rooms and a system-wide 7 basis points increase in the effective royalty rate from 4.99% for the year ended December 31, 2023 to 5.06% for the year ended December 31, 2024.

A summary of the operating performance for the Company's domestic franchised hotels, organized by chain scale, was as follows:

	2024			2023			Change		
	Average Daily Rate	Occupancy	RevPAR	Average Daily Rate	Occupancy	RevPAR	Average Daily Rate	Occupancy	RevPAR
Upscale & Above ⁽¹⁾	\$ 151.91	57.7 %	\$ 87.67	\$ 151.19	56.6 %	\$ 85.65	0.5 %	110 bps	2.4 %
Midscale & Upper Midscale ⁽²⁾	100.95	55.9 %	56.45	101.12	56.8 %	57.43	(0.2)%	(90) bps	(1.7)%
Extended Stay ⁽³⁾	64.13	71.2 %	45.66	63.50	72.3 %	45.88	1.0 %	(110) bps	(0.5)%
Economy ⁽⁴⁾	72.18	47.1 %	34.00	71.66	47.9 %	34.36	0.7 %	(80) bps	(1.0)%
Total	\$ 96.67	56.4 %	\$ 54.54	\$ 96.92	56.9 %	\$ 55.19	(0.3)%	(50) bps	(1.2)%

(1) Includes Ascend Hotel Collection, Cambria, Park Plaza, Radisson, Radisson Blu, Radisson Individuals, and Radisson RED brands.

(2) Includes Clarion, Comfort Inn, Comfort Suites, Country Inn & Suites, Park Inn, Quality Inn, and Sleep Inn brands.

(3) Includes Everhome Suites, Mainstay Suites, Suburban Studios, and WoodSpring Suites brands.

(4) Includes Econo Lodge and Rodeway brands.

A summary of the domestic hotels and rooms by brand in our franchise system as of December 31, 2024 and 2023 was as follows:

	December 31, 2024		December 31, 2023		Variance			
	Hotels	Rooms	Hotels	Rooms	Hotels	%	Rooms	%
Comfort ⁽¹⁾	1,674	131,495	1,675	131,637	(1)	(0.1)%	(142)	(0.1)%
Quality Inn	1,627	118,725	1,620	119,153	7	0.4 %	(428)	(0.4)%
Econo Lodge	642	37,528	675	39,805	(33)	(4.9)%	(2,277)	(5.7)%
Rodeway	447	24,948	470	26,309	(23)	(4.9)%	(1,361)	(5.2)%
Country	422	33,771	428	34,122	(6)	(1.4)%	(351)	(1.0)%
Sleep Inn	415	29,118	432	30,411	(17)	(3.9)%	(1,293)	(4.3)%
Ascend Hotel Collection	233	38,589	209	23,484	24	11.5 %	15,105	64.3 %
WoodSpring Suites	256	30,846	235	28,350	21	8.9 %	2,496	8.8 %
Clarion ⁽²⁾	193	19,944	186	19,813	7	3.8 %	131	0.7 %
MainStay Suites	141	10,157	127	8,863	14	11.0 %	1,294	14.6 %
Suburban Studios	111	9,159	105	9,112	6	5.7 %	47	0.5 %
Cambria Hotels	76	10,344	74	10,239	2	2.7 %	105	1.0 %
Radisson ⁽³⁾	57	13,390	64	15,206	(7)	(10.9)%	(1,816)	(11.9)%
Park Inn	27	2,926	4	363	23	575.0 %	2,563	706.1 %
Everhome Suites	7	799	1	98	6	600.0 %	701	715.3 %
Total Domestic Franchises	6,328	511,739	6,305	496,965	23	0.4 %	14,774	3.0 %

(1) Includes the Comfort family of brand extensions, including Comfort Inn and Comfort Suites.

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

(3) Includes the Radisson, Radisson Blu, Radisson Individuals, and Radisson RED brands.

International royalty fees increased \$0.9 million to \$29.8 million for the year ended December 31, 2024 from \$28.9 million for the year ended December 31, 2023. The increase in international royalty fees was primarily due to an increase in the international franchise system size by 36 hotels (from 1,222 hotels as of December 31, 2023 to 1,258 hotels as of December 31, 2024) and 6,050 rooms (from 136,021 rooms as of December 31, 2023 to 142,071 rooms as of December 31, 2024), and an increase in international RevPAR.

Initial Franchise Fees

Initial franchise fees are generally paid to the Company when a franchisee executes a franchise agreement for a new property entering the franchise system, or an existing franchised property at the time of an ownership change (referred to as a relicensing), or a franchise agreement renewal; however, the recognition of revenue is deferred until the hotel associated with the franchise agreement is open or the franchise agreement is terminated. Once the hotel opens, revenue is recognized ratably as the services are provided over the enforceable period of the franchise agreement. If a franchise agreement is terminated, then the previously deferred initial franchise fees are recognized as revenue immediately in the period the franchise agreement is terminated.

Initial franchise fees revenue decreased \$2.2 million to \$25.6 million for the year ended December 31, 2024 from \$27.8 million for the year ended December 31, 2023. The decrease was primarily due to a lower number of domestic franchise agreement terminations in the current year as compared to the prior year.

As of December 31, 2024, the Company had 964 hotels with 97,325 rooms in its pipeline. Approximately 88% of our pipeline is located in the United States and approximately 71% of the domestic pipeline is new construction. After the execution of a franchise agreement, new construction hotels typically average 18 to 36 months to open, while conversion hotels typically average three to six months to open.

Fluctuations in its pipeline are primarily due to the timing of hotel openings and the timing of awarding new franchise agreements. While the pipeline provides a strong platform for growth, a hotel in the pipeline does not always result in an open and operating hotel due to various macroeconomic factors, including access to liquidity, availability of construction labor and materials, and local governmental approvals and entitlements.

Owned Hotels

The Company's revenues, net of operating expenses, from the owned hotels increased \$4.1 million to \$30.3 million for the year ended December 31, 2024 from \$26.1 million for the year ended December 31, 2023. The increase was primarily due to the improved operating performance at our owned hotels and the addition of two owned hotels during the year ended December 31, 2024 as compared to the prior year.

Other Revenues

Other revenues increased \$15.8 million to \$61.8 million for the year ended December 31, 2024 from \$46.1 million for the year ended December 31, 2023. The increase was primarily due to an increase in liquidated damages that resulted from the early termination of franchise agreements and other franchising revenues.

Selling, General and Administrative

Selling, general and administrative expenses, which includes the cost to operate the business, increased \$3.8 million to \$219.9 million for the year ended December 31, 2024 from \$216.1 million for the year ended December 31, 2023. The increase in selling, general and administrative expenses reflects general increases to operate the franchising business.

Business Combination, Diligence and Transition Costs

Business combination, diligence and transition costs decreased \$38.5 million to \$17.2 million for the year ended December 31, 2024 from \$55.8 million for the year ended December 31, 2023. The decrease was primarily due to the termination of the Wyndham acquisition pursuit on March 8, 2024 and substantial completion of the integration of the Radisson Hotels Americas business in the fourth quarter of 2023.

Impairment of Long-Lived Assets

Impairment of long-lived assets decreased \$3.7 million to zero for the year ended December 31, 2024 from \$3.7 million for the year ended December 31, 2023. The decrease was primarily related to a sublease agreement that was signed for the legacy Radisson corporate office space in Minneapolis, Minnesota. The long-lived asset group associated with the office space was determined to be impaired due to the carrying value exceeding its fair value, which resulted in the recognition of a \$3.4 million impairment loss in 2023. The Company did not recognize any impairments of long-lived assets during the year ended December 31, 2024.

Interest Expense

Interest expense increased \$23.4 million to \$87.1 million for the year ended December 31, 2024 from \$63.8 million for the year ended December 31, 2023. The increase in interest expense was due to increased borrowings and higher interest rates on the Company's outstanding borrowings. Refer to the discussion in the Liquidity and Capital Resources section in MD&A for more information.

Loss (Gain) on Extinguishment of Debt

Loss (gain) on extinguishment of debt decreased \$4.7 million to a loss on extinguishment of debt of \$0.3 million for the year ended December 31, 2024 from a gain on extinguishment of debt of \$4.4 million for the year ended December 31, 2023. In 2024, the Company recognized a loss on extinguishment of debt due to the repayment of the 2023 Term Loan. In 2023, the Company derecognized certain economic development loans from the consolidated balance sheets due to satisfying the relevant performance conditions in the loan agreement, resulting in a gain on extinguishment of debt.

Other Loss (Gain)

Other loss (gain) decreased \$12.3 million to other losses of \$1.6 million for the year ended December 31, 2024 from other gains of \$10.6 million for the year ended December 31, 2023. The decrease was primarily due to a net loss of \$8.3 million on the sales of equity securities related to the pursuit of the Wyndham acquisition in 2024 and a \$4.0 million unrealized gain on investments in equity securities in 2023, both of which were partially offset by dividend income of \$1.5 million and a \$0.6 million increase in the Company's deferred compensation and employee benefit plans assets based on increases in the fair value of the underlying investments.

Equity in Net Gain of Affiliates

Equity in net gain of affiliates increased \$9.5 million to \$12.3 million for the year ended December 31, 2024 from \$2.9 million for the year ended December 31, 2023. The increase was primarily due to a distribution from an unconsolidated affiliate, which sold its underlying assets, resulting in the recognition of a \$7.2 million gain in 2024. Refer to Note 8 to our consolidated financial statements for additional information.

Income Tax Expense

The Company's effective income tax rates were 24.3% and 23.3% for the years ended December 31, 2024 and 2023, respectively. The effective income tax rates for the years ended December 31, 2024 and 2023 were higher than the U.S. federal income tax rate of 21.0% primarily due to the impact of state income taxes and tax expense related to compensation, partially offset by federal income tax credits.

Refer to Choice Hotels International, Inc.'s 2023 10-K Annual Report, specifically the section "Comparison of 2023 and 2022 Operating Results" of Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for the details regarding the changes between 2023 and 2022.

Liquidity and Capital Resources

Our Company historically generates strong and predictable operating cash flows primarily from our hotel franchising operations. Our capital allocation decisions, including capital structure and our uses of capital, are intended to maximize our return on invested capital and create value for our shareholders, while maintaining a strong balance sheet and financial flexibility. The Company's short-term and long-term liquidity requirements primarily arise from working capital needs, debt obligations, income tax payments, dividend payments, share repurchases, capital expenditures, and investments in growth opportunities.

As of December 31, 2024, the Company's primary sources of liquidity consisted of \$699.5 million in cash and cash equivalents and available borrowing capacity under the senior unsecured revolving credit facility. As of December 31, 2024, the Company was in compliance with all of its financial covenants under its credit agreements and the Company expects to remain in such compliance. The Company believes that its cash on hand, available borrowing capacity under the senior unsecured revolving credit facility, cash flows from operations, and access to additional capital in the debt markets will provide sufficient liquidity to meet the expected future operating, investing, and financing needs of the business.

Our board of directors authorized a program which permits us to offer financing, investment, and guaranty support to qualified franchisees, and to acquire or develop and then resell hotels to incentivize franchise development of our brands in strategic markets. We primarily engage in these financial support activities to encourage acceleration of the growth of our Cambria Hotels and Everhome Suites brands. With respect to these activities, the Company had approximately \$605.4 million in financial support of the Cambria Hotels and Everhome Suites brands reflected in the consolidated balance sheet as of December 31, 2024. The Company is generally targeting to recycle these investments within a five year period, and expects our outstanding investments to not exceed \$1.2 billion at any point in time based on the current board of directors' authorization. The deployment and annual pace of future financial support activities will depend upon market and other conditions, including among others, our franchise sales results, the environment for new construction hotel development, and the hotel lending environment.

The Company also strategically deploys capital in the form of franchise agreement acquisition costs across our brands to incentivize franchise development. The timing and the amount of the franchise agreement acquisition cost payments are dependent on various factors including the implementation of various development and brand incentive programs, the level of franchise sales, and the ability of our franchisees to complete construction or convert their hotels to one of the Company's brands.

The Company has historically generated cash flows from operating activities that are in excess of the capital needed to invest in growth opportunities and to service debt obligations. As a result, the Company maintains a share repurchase program and typically pays a quarterly dividend. On March 11, 2024, the Company's board of directors approved an increase of 5 million shares in the number of shares authorized to be repurchased under its share repurchase program. As of December 31, 2024, the

Company had 3.8 million shares remaining under the current share repurchase authorization. The 2024 annual dividend rate was \$1.15 per share or approximately \$55.5 million in aggregate dividend payments.

Cash Flows from Operating Activities

During the years ended December 31, 2024, 2023, and 2022, the net cash provided by operating activities was \$319.4 million, \$296.6 million, and \$367.1 million, respectively. Our operating cash flows increased \$22.8 million primarily due to the timing of working capital items and a decrease in business combination, diligence and transition costs associated with the timing of the termination of the Wyndham acquisition pursuit during the first quarter of 2024 and the due diligence and transition costs related to the integration of the Radisson Hotels Americas business in 2023, all of which were partially offset by an increase in franchise agreement acquisition cost payments, an increase in borrowing costs, and an increase in deferred income taxes.

In conjunction with brand and development programs, we strategically make certain franchise agreement acquisition cost payments to franchisees as an incentive to enter into new franchise agreements or perform-designated improvements to properties under existing franchise agreements. If the franchisee remains in the franchise system in good standing over the term specified in the incentive agreement, then the Company forgives the incentive ratably. If the franchisee exits our franchise system or is not operating their franchise in accordance with our quality or credit standards and is terminated, then the franchisee must repay the unamortized franchise agreement acquisition cost payment plus interest to the Company. During the years ended December 31, 2024, 2023, and 2022, the Company's net franchise agreement acquisition costs were \$112.2 million, \$98.3 million, and \$54.5 million, respectively.

The Company's franchise agreements require the payment of marketing and reservation system fees to be used by the Company for the expenses associated with providing franchise services such as national marketing, media advertising, and central reservation systems. Additionally, the Company's management agreements include cost reimbursements, primarily related to the payroll costs at the managed hotels where the Company is the employer. These activities are reflected in other revenues from franchised and managed properties and other expenses from franchised and managed properties. During the years ended December 31, 2024, 2023, and 2022, the activity from other revenues from franchised and managed properties exceeded the activity of other expenses from franchised and managed properties by \$36.1 million, \$1.8 million, and \$49.7 million, respectively.

Cash Flows from Investing Activities

The net cash used in investing activities was \$84.6 million, \$265.6 million, and \$442.4 million for the years ended December 31, 2024, 2023, and 2022, respectively.

During the years ended December 31, 2024, 2023, and 2022, investments in owned hotel properties totaled \$106.8 million, \$68.6 million, and \$65.8 million, respectively. These investments related to the ongoing hotel development efforts to support the continued growth of the Cambria Hotels and Everhome Suites brands. During the years ended December 31, 2024, 2023, and 2022, investments in other property and equipment totaled \$39.1 million, \$47.7 million, and \$24.1 million, respectively. These investments primarily related to leasehold improvements, office equipment, and capitalized software.

The Company has equity method investments in affiliates related to the Company's program to offer equity support to qualified franchisees to develop and operate Cambria Hotels and Everhome Suites branded-hotels in strategic markets. During the years ended December 31, 2024, 2023, and 2022, the Company invested \$52.8 million, \$38.9 million, and \$3.1 million, respectively, to support these efforts. In addition, during the years ended December 31, 2024 and 2023, the Company received distributions from these affiliates totaling \$15.9 million and \$0.9 million, respectively. The Company received no distributions from affiliates during the year ended December 31, 2022.

During the year ended December 31, 2024, the Company received proceeds of \$108.1 million from the sales of equity securities. There were no purchases of equity securities during the year ended December 31, 2024. During the year ended December 31, 2023, the Company purchased \$112.4 million of equity securities in conjunction with the Wyndham acquisition pursuit and there were no sales of equity securities. There were no purchases or sales of equity securities during the year ended December 31, 2022.

The Company provides financing to franchisees for hotel development efforts and other purposes in the form of notes receivable loans. The loans bear interest and are expected to be repaid in accordance with the terms of the loan agreements. During the years ended December 31, 2024, 2023, and 2022, the Company issued a total of \$38.0 million, \$4.3 million, and \$5.6 million of notes receivable loans, respectively, and received repayments totaling \$32.1 million, \$10.9 million, and \$1.0 million on the notes receivable loans, respectively.

The Company did not sell any businesses or assets during the years ended December 31, 2024 and 2023. During the year ended December 31, 2022, the Company recognized net proceeds of \$166.6 million from the sale of three Cambria hotels, one parcel of land, and a sale and conversion of an international direct franchising market to a master franchising market.

On August 11, 2022, the Company acquired 100% of the issued and outstanding equity interest of Radisson Hotels Americas for an accounting purchase price of approximately \$673.9 million. The purchase price, net of the cash acquired, was \$550.4 million. To fund the transaction, the Company drew down \$175.0 million on its senior unsecured credit facility, and then funded the remainder with cash on hand.

During the year ended December 31, 2022, the Company recognized contract termination fee revenue of \$22.7 million that resulted from the exit of 110 WoodSpring units in September 2022. The contract termination fee revenue consisted of \$67.4 million in consideration received, less the \$44.7 million in carrying basis of intangible assets that were initially recognized on the date of the WoodSpring acquisition.

Cash Flows from Financing Activities

Cash flows from financing activities primarily relate to the proceeds or payments on the Company's borrowings, treasury stock repurchases, acquisition of shares in connection with the exercise or vesting of equity awards, the payment of dividends, and the payment of debt issuance costs.

Debt

Senior Unsecured Revolving Credit Facility

On June 28, 2024, the Company entered into a Second Amended and Restated Senior Unsecured Credit Agreement (the "Restated Credit Agreement"), which amended and restated the Company's existing amended and restated senior unsecured credit agreement dated August 20, 2018 (the "Former Credit Agreement"). The Former Credit Agreement provided for an \$850 million unsecured revolving credit facility (the "Revolver") with a final maturity date of August 20, 2026. The Restated Credit Agreement increased the commitments under the Revolver to \$1 billion and extended the final maturity date of the Revolver to June 28, 2029, subject to optional one-year extensions that can be requested by the Company prior to each of the third, fourth, and fifth anniversaries of the closing date of the Restated Credit Agreement.

The effectiveness of such extension is subject to the consent of the lenders under the Restated Credit Agreement and certain customary conditions. The Restated Credit Agreement also provides that up to \$50 million of borrowings under the Revolver may be used for alternative currency loans, up to \$10 million of capacity under the Revolver may be used for the issuance of letters of credit, and up to \$25 million of borrowings under the Revolver may be used for swingline loans. The Company may from time to time designate one or more wholly-owned subsidiaries of the Company as additional borrowers under the Restated Credit Agreement, subject to the consent of the lenders and certain customary conditions.

At any time prior to the final maturity date, the Company may increase the amount of the Revolver or add one or more term loan facilities under the Restated Credit Agreement by up to an additional \$500 million in the aggregate to the extent that any one or more lenders commit to being a lender for the additional amount of such increase or the term loan facility and certain other customary conditions are met.

The Restated Credit Agreement allows the Company to elect to have the Revolver bear interest at a rate equal to (i) the secured overnight financing rate (subject to a credit spread adjustment of 0.10% and a 0.00% floor) plus a margin ranging from 0.90% to 1.50% or (ii) a base rate plus a margin ranging from 0.00% to 0.50%. In each case, the margin is determined according to the Company's senior unsecured long-term debt rating or under circumstances as set forth in the Restated Credit Agreement if the Company's total leverage ratio is less than 2.5 to 1.0.

The Restated Credit Agreement requires the Company to pay a fee on the total commitments under the Revolver, calculated on the basis of the actual daily amount of the commitments under the Revolver (regardless of usage) times a percentage per annum ranging from 0.075% to 0.25% (depending on the Company's senior unsecured long-term debt rating or under specific circumstances as set forth in the Restated Credit Agreement if the Company's total leverage ratio is less than 2.5 to 1.0).

The Restated Credit Agreement requires that the Company and its restricted subsidiaries comply with various covenants, including with respect to restrictions on liens, incurring indebtedness, making dividends and stock repurchases, making investments and effecting mergers and/or asset sales. The Restated Credit Agreement imposes financial maintenance covenants requiring the Company to maintain a consolidated fixed charge coverage ratio of at least 2.5 to 1.0 and a total leverage ratio of not more than 4.5 to 1.0, which may be increased up to two nonconsecutive occasions to 5.5 to 1.0 for up to four consecutive fiscal quarters commencing with the fiscal quarter in which certain material acquisitions are consummated. So long as the

Company maintains an Investment Grade Rating, as defined in the Restated Credit Agreement, then the Company will not need to comply with the consolidated fixed charge coverage ratio covenant.

The Restated Credit Agreement includes customary events of default, the occurrence of which, following any applicable cure period, would permit the lenders to, among other things, declare the principal, accrued interest and other obligations of the Company under the Restated Credit Agreement to be immediately due and payable. As of December 31, 2024, the Company maintained a total leverage ratio of 2.76x, including outstanding debt of approximately \$336 million on the senior unsecured revolving credit facility. The Company was in compliance with all financial covenants under the Restated Credit Agreement.

Debt issuance costs incurred in connection with the Restated Credit Agreement are amortized on a straight-line basis, which is not materially different from the effective interest method, through the loan's maturity date. The amortization of the debt issuance costs is included in interest expense in the consolidated statements of income.

The proceeds of the Restated Credit Agreement are expected to be used for general corporate purposes, including working capital, debt repayment, stock repurchases, dividends, investments, and other permitted uses as set forth in the Restated Credit Agreement.

2024 Senior Unsecured Notes Due 2034

On July 2, 2024, the Company issued unsecured senior notes with a principal amount of \$600 million (the "2024 Senior Notes") at a discount of \$6.4 million, bearing a coupon of 5.85%, with an effective rate of 6.11%, and mature on August 1, 2034. Interest on the 2024 Senior Notes is payable semi-annually on February 1st and August 1st of each year, commencing on February 1, 2025. The interest rate payable on the 2024 Senior Notes will be subject to adjustment based on certain rating events.

The Company may redeem the 2024 Senior Notes, in whole or in part, at any time prior to their maturity at the redemption price, which includes a make-whole premium. If the 2024 Senior Notes are redeemed on or after May 1, 2034 (three months prior to the applicable maturity date), then the redemption price will be equal to 100% of the principal amount of the 2024 Senior Notes being redeemed plus accrued and unpaid interest thereon to the redemption date. Additionally, at the option of the holders of the 2024 Senior Notes, the Company may be required to repurchase all or a portion of the holder's 2024 Senior Notes upon the occurrence of a change of control event, at a price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest, to the date of repurchase.

2023 Term Loan Due 2024

On December 18, 2023, the Company entered into a \$500 million unsecured term loan with an effective interest rate of 6.83% and a maturity date of December 16, 2024 (the "2023 Term Loan"). The 2023 Term Loan and all accrued but unpaid interest must be repaid in full on the maturity date.

The term loan agreement required that the Company comply with various covenants, including restrictions on liens, incurring indebtedness, making dividends, stock repurchases, investments, and completing mergers and/or asset sales. The term loan agreement had financial covenants which required the Company to maintain a consolidated fixed charge coverage ratio of at least 2.5 to 1.0, and a total leverage ratio of not more than 4.5 to 1.0 which may have been increased to 5.5 to 1.0 for up to three consecutive fiscal quarters commencing with the fiscal quarter in which certain material acquisitions are consummated. As long as the Company maintained an Investment Grade Rating, as defined in the term loan agreement, then the Company would not need to comply with the consolidated fixed charge coverage ratio covenant. The Company was in compliance with all covenants upon the repayment in full of the 2023 Term Loan.

On July 2, 2024, the Company used a portion of the net proceeds from the sale of the 2024 Senior Notes, after deducting underwriting discounts and commissions and other offering expenses, to repay in full the 2023 Term Loan.

2020 Senior Unsecured Notes Due 2031

On July 23, 2020, the Company issued unsecured senior notes with a principal amount of \$450 million (the "2020 Senior Notes") bearing a coupon of 3.70%. The 2020 Senior Notes will mature on January 15, 2031, with interest to be paid semi-annually on January 15th and July 15th of each year. The Company used the net proceeds of the 2020 Senior Notes, after deducting underwriting discounts, commissions, and offering expenses, to repay in full the \$250 million term loan entered in April 2020 and to fund the purchase price of the 2012 Senior Notes.

The interest rate payable on the 2020 Senior Notes is subject to adjustment based on certain rating events. The Company may redeem the 2020 Senior Notes, in whole or in part, at its option at the applicable redemption price before the maturity date. If the Company redeems the 2020 Senior Notes prior to October 15, 2030 (three months prior to the maturity date) (the "2020 Notes Par Call Date"), the redemption price will be equal to the greater of (a) 100% of the principal amount of the notes to be redeemed, or (b) the sum of the present values of the remaining scheduled principal and interest payments that would have been

payable had the 2020 Senior Notes matured on the 2020 Notes Par Call Date, discounted to the redemption date on a semi-annual basis at the applicable Treasury Rate plus 50 basis points, plus accrued and unpaid interest. If the Company redeems the 2020 Senior Notes on or after the 2020 Notes Par Call Date, the redemption price will equal 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest. Additionally, at the option of the holders of the 2020 Senior Notes, the Company may be required to repurchase all or a portion of the 2020 Senior Notes upon the occurrence of a change of control event at a price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest, to the date of repurchase.

2019 Senior Unsecured Notes Due 2029

On November 27, 2019, the Company issued unsecured senior notes with a principal amount of \$400 million (the "2019 Senior Notes") at a discount of \$2.4 million, bearing a coupon of 3.70% with an effective rate of 3.88%. The 2019 Senior Notes will mature on December 1, 2029, with interest to be paid semi-annually on December 1st and June 1st of each year. The Company used the net proceeds of this offering, after deducting underwriting discounts, commissions, and offering expenses, to repay the previously outstanding senior notes with a principal amount of \$250 million due August 28, 2020, and for working capital and other general corporate purposes.

The Company may redeem the 2019 Senior Notes, in whole or in part, at its option at the applicable redemption price before maturity. If the Company redeems the 2019 Senior Notes prior to September 1, 2029 (three months prior to the maturity date) (the "2019 Notes Par Call Date"), the redemption price will be equal to the greater of (a) 100% of the principal amount of the notes to be redeemed, or (b) the sum of the present values of the remaining scheduled principal and interest payments that would have been payable had the 2019 Senior Notes matured on the 2019 Notes Par Call Date, discounted to the redemption date on a semi-annual basis at the applicable Treasury Rate plus 30 basis points, plus accrued and unpaid interest. If the Company redeems the 2019 Senior Notes on or after the 2019 Notes Par Call Date, the redemption price will equal 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest. Additionally, at the option of the holders of the 2019 Senior Notes, the Company may be required to repurchase all or a portion of the 2019 Senior Notes upon the occurrence of a change of control event at a price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest, to the date of repurchase.

2012 Senior Unsecured Notes Due 2022

On June 27, 2012, the Company issued unsecured senior notes with a principal amount of \$400 million (the "2012 Senior Notes") at par, bearing a coupon of 5.75% with an effective rate of 6.00%. The Company utilized the net proceeds from this offering, after deducting underwriting discounts, commissions, and other offering expenses, together with borrowings under the Company's senior unsecured senior credit facility, to pay a special cash dividend to shareholders that totaled approximately \$600.7 million on August 23, 2012.

On July 9, 2020, the Company commenced a tender offer (the "Tender Offer") to purchase an aggregate principal amount of up to \$160.0 million of the 2012 Senior Notes, subject to increase or decrease. The Tender Offer was subsequently upsized to an aggregate principal amount of up to \$180.0 million of the 2012 Senior Notes. On July 23, 2020, the Company amended the Tender Offer by increasing the aggregate principal amount from \$180.0 million to \$183.4 million. The Tender Offer settled on July 24, 2020 for \$197.8 million, which included an early tender premium, settlement fees, and accrued interest paid.

The 2012 Senior Notes matured on July 1, 2022. The outstanding principal amount of \$216.6 million was re-paid on the maturity date.

Economic Development Loans

The Company entered into economic development agreements with various governmental entities in conjunction with the relocation of its corporate headquarters in April 2013. In accordance with these agreements, the governmental entities agreed to advance approximately \$4.4 million to the Company to offset a portion of the corporate headquarters relocation and tenant improvement costs in consideration of the employment of permanent, full-time employees within the jurisdictions. The Company has been advanced the full amounts that were due pursuant to these agreements, and these advances bore interest at a rate of 3% per annum.

Repayment of the advances was contingent upon the Company achieving certain performance conditions. The performance conditions were measured annually on December 31st and primarily related to maintaining certain levels of employment within the various jurisdictions. If the Company failed to meet an annual performance condition, then the Company may have been required to repay a portion, or all, of the advances including accrued interest by April 30th following the measurement date. Upon the expiration of the Company's previous ten-year corporate headquarters lease agreement in 2023, any outstanding advances would be forgiven in full. The \$4.4 million of advances were previously recognized as in debt in the consolidated balance sheets.

Upon the expiration of the Company's previous ten-year corporate headquarters lease agreement in 2023, the Company concluded that it had achieved the performance conditions over the entire term of the agreement and therefore, the Company is not required to repay the advances. As a result, during the year ended December 31, 2023, the Company derecognized the \$4.4 million economic development loans debt from the consolidated balance sheets and recognized a gain on extinguishment of debt in the consolidated statements of income.

Acquired Debt and Swap Derivative Asset

On August 11, 2022, in connection with the Radisson Hotels Americas acquisition, the Company acquired three owned hotel properties, one of which had an encumbered mortgage loan with a mortgage principal in the amount of \$53.5 million with an original maturity date of August 7, 2024. In addition, the mortgage loan had an associated interest rate cap agreement with an effective date of July 30, 2021 through August 6, 2024. On August 12, 2022, the Company paid off the outstanding mortgage loan principal, outstanding interest, and certain prepayment, exit and related fees in the amount of \$56.0 million. At the same time, several of the loan-related escrows were released in the amount of \$10.4 million. On August 16, 2022, the interest rate cap agreement was terminated, which resulted in a \$1.9 million payment to the Company.

Dividends

During the year ended December 31, 2022, the Company declared cash dividends at a quarterly rate of \$0.2375 per share of common stock.

In March 2023, the Company's board of directors approved a 21% increase in the quarterly cash dividend to \$0.2875 per share, which is the per share dividend amount that was utilized in each of the dividends that were declared in 2023 and 2024. During the year ended December 31, 2024, the Company declared aggregate annual cash dividends of \$1.15 per share or approximately \$55.5 million in aggregate dividend payments.

We expect that cash dividends will continue to be paid in the future, subject to the declaration by our board of directors, future business performance, economic conditions, changes in tax regulations, and other matters. In accordance with the Restated Credit Agreement, the Company may not declare or make any dividend payments if there is an existing event of default or if the dividend payment would create an event of default.

Share Repurchases & Redemptions

In 1998, we instituted a share repurchase program. Treasury stock activity is recorded at cost in the consolidated balance sheets.

On March 11, 2024, the Company's board of directors approved an increase of 5.0 million shares in the number of shares authorized to be purchased under its share repurchase program.

During the year ended December 31, 2024, the Company repurchased 3.0 million shares of its common stock under the share repurchase program at a total cost, including accrued excise tax, of \$369.7 million. In total, the Company has repurchased 61.3 million shares of its common stock (including 33.0 million shares prior to the two-for-one stock split effected in October 2005) under the share repurchase program at a total cost of \$2.6 billion. Considering the effect of the two-for-one stock split, the Company has repurchased 94.3 million shares at an average price of \$27.98 per share. As of December 31, 2024, the Company had 3.8 million shares remaining under the current share repurchase authorization.

During the year ended December 31, 2024, the Company redeemed 0.1 million shares of common stock at a total cost of \$12.4 million from employees to satisfy the option exercise price and the statutory minimum tax-withholding requirements related to the exercising of stock options and the vesting of performance vested restricted stock units ("PVRSUs") and restricted stock grants. These redemptions were outside the share repurchase program. During the year ended December 31, 2024, the Company received proceeds of \$17.5 million from stock options exercised by employees.

The following table summarizes the material contractual obligations (excluding the previously addressed debt obligations, the financing, investment, guaranty, and franchise agreement acquisition cost commitments to franchisees, and the deferred compensation plan liabilities) as of December 31, 2024:

(in thousands)	Payments due by period		
	Total	Less than 1 year	Greater than 1 year
Purchase obligations	\$ 112,222	\$ 66,542	\$ 45,680
Total contractual obligations	\$ 112,222	\$ 66,542	\$ 45,680

Critical Accounting Estimates

The preparation of our consolidated financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements, the reported amounts of revenues and expenses during the reporting periods, and the related disclosures in the consolidated financial statements and the accompanying footnotes. On an ongoing basis, we evaluate these estimates and judgments based on historical experiences and various other factors that we believe reflect the current circumstances. While we believe our estimates, assumptions, and judgments are reasonable, they are based on information that was available when the estimate or assumption was made. Actual results may differ significantly from these estimates due to changes in assumptions, judgments, and conditions as a result of unforeseen events or otherwise, which could have a material effect on our financial condition or results of operations.

We believe that the following estimates, which are used in conjunction with our significant accounting policies, are critical because they involve a higher degree of judgment and are based on information that is inherently uncertain. Refer to Note 1 to our consolidated financial statements for information on our significant accounting policies.

Guest Loyalty Program

Choice Privileges is the Company's guest loyalty program, which enables members to earn points based on their spending levels with the Company's franchisees. The points, which the Company accumulates and tracks on the members' behalf, may be redeemed for free accommodations or other benefits (e.g., gift cards to participating retailers). The Company collects from franchisees a percentage of the loyalty program members' gross room revenue from completed hotel stays to operate the guest loyalty program. At the time the points are redeemed for free accommodations or other benefits, the Company reimburses the franchisees or third parties based on a rate derived in accordance with the franchise or vendor agreement.

Loyalty program points represent a performance obligation attributable to the usage of the points, and thus the revenues are recognized at a point in time when the loyalty program points are redeemed by the members for benefits. The transaction price is variable and determined in the period when the loyalty program points are earned and the underlying gross room revenues are known. No loyalty program revenues are recognized at the time the loyalty program points are issued.

The Company is an agent in coordinating the delivery of the services between the loyalty program member and the franchisee or third party, and as a result, the revenues are recognized net of the cost of redemptions. The estimated value of the future redemptions is reflected in the current and non-current liability for guest loyalty program in the consolidated balance sheets. The liability for the guest loyalty program is developed based on an estimate of the eventual redemption rates and point values using various actuarial methods. These significant judgments determine the required point liability attributable to the outstanding points, which is relieved as the redemption costs are processed. The amount of the loyalty program fees in excess of the guest loyalty program point liability represents current and non-current deferred revenue, which is recognized to revenue as the points are redeemed including an estimate of the future forfeitures ("breakage"). The anticipated redemption pattern of the points is the basis for the current and non-current designation of each liability. The loyalty program point redemption revenues are recognized within other revenues from franchised and managed properties in the consolidated statements of income. Any changes in the estimates used in developing the breakage rate or other future guest loyalty program operations could result in a material change to the liability for the guest loyalty program and the deferred revenues.

The Company maintains various agreements with third-party partners, including the co-branding of the Choice Privileges credit card. The agreements typically provide for use of the Company's marks, limited access to the Company's distribution channels, and the sale of Choice Privileges points, in exchange for the payment of fees which primarily comprises variable consideration each month. Choice Privileges members can earn points through participation in the third-party partner's program. The partner agreements include multiple performance obligations. The primary performance obligations are brand intellectual property and material rights for free or discounted goods or services to the hotel guests. The allocation of fixed and variable consideration to the performance obligations is based on the standalone selling price, which is estimated based on the market and income methods which contain significant judgments. The amounts allocated to the brand intellectual property are recognized on a gross basis over time using the output measure of time elapsed, and are presented within royalty, licensing and management fees and platform and procurement services fees in the consolidated statements of income. The amounts allocated to material rights for free or discounted goods or services to hotel guests are recognized to revenue as the points are redeemed including an estimate of breakage, primarily within other revenues from franchised and managed properties.

Long-Lived Assets, Intangible Assets, and Goodwill

The Company groups its long-lived assets, including property and equipment and definite-lived intangible assets (e.g., franchise rights and franchise agreement acquisition costs), at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The Company evaluates the potential impairment of its long-lived asset groups annually as of December 31 or earlier when other circumstances indicate that the Company may not be able to recover the

carrying value of the asset group. When indicators of impairment are present, then the recoverability is assessed based on undiscounted expected cash flows. If the undiscounted expected cash flows are less than the carrying amount of the asset group, then an impairment charge is measured and recognized, as applicable, for the excess of the carrying value over the fair value of the asset group. The fair value of the long-lived asset groups are estimated primarily using discounted cash flow analyses representing the highest and best use by an independent market participant. Significant management judgment is involved in evaluating any indicators of impairment and developing any required projections to test for the recoverability or the estimated fair value.

The Company did not identify any indicators of impairment of long-lived assets in the Hotel Franchising reporting unit during the years ended December 31, 2024, 2023, and 2022, other than impairments on franchise sales commission assets and franchise agreement acquisition cost intangible assets primarily resulting from the termination of franchise agreements from the Choice system or significant delinquencies in construction or invoice payments.

The Company evaluates the impairment of goodwill and intangible assets with indefinite lives annually as of December 31 or earlier upon the occurrence of substantive unfavorable changes in economic conditions, industry trends, costs, cash flows, or ongoing declines in market capitalization that indicate that the Company may not be able to recover the carrying amount of the asset. In evaluating these assets for impairment, the Company may elect to first assess qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit or the indefinite lived intangible asset is less than its carrying amount. If the conclusion is that it is not more likely than not that the fair value of the asset is less than its carrying value, then no further testing is required. If the conclusion is that it is more likely than not that the fair value of the asset is less than its carrying value, then a quantitative impairment test is performed whereby the carrying value is compared to the fair value of the asset and an impairment charge is recognized, as applicable, for the excess of the carrying value over the fair value. The Company may elect to forgo the qualitative assessment and move directly to the quantitative impairment tests for goodwill and indefinite-lived intangible assets. The Company determines the fair value of its reporting units and indefinite-lived intangible assets using the income and market methods.

Goodwill is allocated to the Company's reporting units. The Company's reporting units are determined primarily by the availability of discrete financial information relied upon by the chief operating decision maker ("CODM") to assess performance and make operating segment resource allocation decisions. As of December 31, 2024, the Company's goodwill is allocated to the Hotel Franchising reporting unit. The Company performed a qualitative impairment analysis for the Hotel Franchising reporting unit and concluded that it is more likely than not that the fair value of the reporting unit is greater than its carrying amount. As such, no impairment was recognized and a quantitative test was not required.

Income Taxes

Income taxes are recorded using the asset and liability method of accounting for income taxes. Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is provided for deferred tax assets if it is more likely than not that such assets will be unrealized. Historically, deferred United States income taxes have not been recorded for temporary differences related to investments in certain foreign subsidiaries and corporate affiliates. The temporary differences consisted primarily of undistributed earnings that are considered permanently reinvested in operations outside the United States.

Due to the changes resulting from the 2017 Tax Cuts and Jobs Act, the Company modified its foreign dividend policy to limit any future foreign distributions to income which has been previously subject to US taxation. Nonetheless, the Company will continue to assert that any other outside basis difference of the foreign subsidiaries will be permanently (or indefinitely) reinvested outside of the U.S. Consequently, the Company did not record any additional deferred taxes for this item in 2024.

With respect to uncertain income tax positions, a tax liability is recorded in full when management determines that the position does not meet the more likely than not threshold of being sustained on examination. A tax liability may also be recognized for a position that meets the more likely than not threshold, based upon management's assessment of the position's probable settlement value. The Company records interest and penalties on unrecognized tax benefits in the provision for income taxes. Additional information regarding the Company's unrecognized tax benefits is provided in Note 15 to the consolidated financial statements.

The Tax Cuts and Jobs Act subjects a U.S. shareholder to a minimum tax on "global intangible low-taxed income" ("GILTI") earned by certain foreign subsidiaries. The Company's policy is to recognize the tax expense on GILTI as an expense in the period that the tax is incurred. The Company has incurred tax on GILTI for the year ended December 31, 2024.

New Accounting Standards

Refer to the "Recently Adopted & Issued Accounting Standards" section of Note 1 to the consolidated financial statements for information related to our adoption and assessment of new accounting standards.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to market risk from changes in interest rates and the impact of fluctuations in foreign currencies on the Company's foreign investments and operations. The Company manages its exposure to these market risks through the monitoring of its available financing alternatives, including in certain circumstances, the use of derivative financial instruments. We are also subject to risk from changes in debt and equity prices from our non-qualified retirement savings plan investments in debt securities and common stock, which have a carrying value of \$49.3 million as of December 31, 2024 and are accounted for as trading securities. The Company will continue to monitor the exposure in these areas and make the appropriate adjustments as market conditions dictate.

As of December 31, 2024, the Company had \$340.0 million of variable interest rate debt instruments outstanding at an effective interest rate of 6.10%. A hypothetical change of 10% in the Company's effective interest rate from the December 31, 2024 levels would increase or decrease annual interest expense by \$2.1 million. The Company expects to refinance its fixed and variable long-term debt obligations prior to their scheduled maturities.

The Company does not currently have any derivative financial instruments.

Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Choice Hotels International, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Choice Hotels International, Inc. and subsidiaries (the Company) as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, shareholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 20, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

<i>Description of the Matter</i>	<i>Accounting for Choice Privileges Loyalty Program</i> The Company recognized \$123.2 million in revenues from loyalty points redeemed, net of the cost of redemptions, and had a point liability and deferred revenue of \$129.6 million and \$110.4 million, respectively, as of December 31, 2024, associated with the Choice Privileges Loyalty Program. As discussed in Note 1 to the consolidated financial statements, loyalty points earned represent a performance obligation attributable to usage of the points, and thus revenues are recognized at the point in time when the loyalty points are redeemed by members for benefits. The liability for the Choice Privileges Loyalty Program is developed based on an estimate of the eventual redemption rates on future redemption behavior using various actuarial methods and point values. The amount of the Choice Privileges Loyalty Program fees in excess of the point liability represents deferred revenue, which is recognized to revenue as points are redeemed including an estimate of future forfeitures. Auditing the Choice Privileges Loyalty Program results is complex due to: (1) the complexity of the models used and the high volume of data to monitor and account for Choice Privileges Loyalty Program results; and (2) the complexity of estimating the future redemption rate. Performing audit procedures to evaluate the reasonableness of these estimates requires a high degree of auditor judgment and an increased extent of effort, which includes the use of actuarial specialists.
<i>How We Addressed the Matter in Our Audit</i>	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company’s process of accounting for the Choice Privileges Loyalty Program during the year. For example, we tested controls over management’s review of the assumptions and data inputs used in the accounting model and the actuarial methods used to estimate the ultimate redemption rate of Choice Privileges Loyalty Program points. To test the recognition of revenues and liabilities associated with the Choice Privileges Loyalty Program, we performed audit procedures that included, among others, testing the completeness and accuracy of the data and significant assumptions used in the models and assessing the accounting models developed by the Company to recognize the related revenue and the liabilities. For example, we tested significant inputs into the accounting models, including the amounts received and paid by the Choice Privileges Loyalty Program as well as the recognition of points earned and redeemed during the period. With the assistance of our actuarial specialists, we evaluated management’s methodologies as well as the actuarial assumptions used in estimating the Choice Privileges Loyalty Program expected redemption rates.
/s/ Ernst & Young LLP	
We have served as the Company’s auditor since 2014.	
Tysons, Virginia	
February 20, 2025	

CONSOLIDATED FINANCIAL STATEMENTS
CHOICE HOTELS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Years Ended December 31,		
	2024	2023	2022
REVENUES			
Royalty, licensing and management fees	\$ 514,569	\$ 513,412	\$ 471,759
Initial franchise fees	25,606	27,787	28,074
Platform and procurement services fees	75,752	75,114	63,800
Owned hotels	113,459	97,641	70,826
Other	61,803	46,051	64,740
Other revenues from franchised and managed properties	793,650	784,160	702,750
Total revenues	1,584,839	1,544,165	1,401,949
OPERATING EXPENSES			
Selling, general and administrative	219,878	216,081	167,697
Business combination, diligence and transition costs	17,233	55,778	39,578
Depreciation and amortization	43,282	39,659	30,425
Owned hotels	83,148	71,474	48,837
Other expenses from franchised and managed properties	757,525	782,409	653,060
Total operating expenses	1,121,066	1,165,401	939,597
Impairment of long-lived assets	—	(3,736)	—
Gain on sale of business and assets, net	—	—	16,249
Operating income	463,773	375,028	478,601
OTHER EXPENSES AND INCOME, NET			
Interest expense	87,131	63,780	43,797
Interest income	(8,646)	(7,764)	(7,288)
Loss (gain) on extinguishment of debt	331	(4,416)	—
Other loss (gain)	1,641	(10,649)	7,018
Equity in net gain of affiliates	(12,329)	(2,879)	(1,732)
Total other expenses and income, net	68,128	38,072	41,795
Income before income taxes	395,645	336,956	436,806
Income tax expense	95,980	78,449	104,654
Net income	\$ 299,665	\$ 258,507	\$ 332,152
Basic earnings per share	\$ 6.26	\$ 5.11	\$ 6.05
Diluted earnings per share	\$ 6.20	\$ 5.07	\$ 5.99

The accompanying notes are an integral part of these consolidated financial statements.

CHOICE HOTELS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(IN THOUSANDS)

	Years Ended December 31,		
	2024	2023	2022
Net income	\$ 299,665	\$ 258,507	\$ 332,152
Other comprehensive loss, net of tax:			
Foreign currency translation adjustment	(522)	(460)	(637)
Other comprehensive loss, net of tax:	(522)	(460)	(637)
Comprehensive income	\$ 299,143	\$ 258,047	\$ 331,515

The accompanying notes are an integral part of these consolidated financial statements.

CHOICE HOTELS INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

	December 31, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 40,177	\$ 26,754
Accounts receivables (net of allowance for credit losses of \$45,610 and \$39,265, respectively)	176,672	195,896
Income taxes receivable	5,419	14,283
Notes receivable (net of allowance for credit losses of \$5,805 and \$3,035, respectively)	75,501	20,766
Prepaid expenses and other current assets	41,317	38,831
Total current assets	339,086	296,530
Property and equipment, net	604,345	493,478
Operating lease right-of-use assets	83,451	85,101
Goodwill	220,187	220,187
Intangible assets, net	884,013	811,075
Notes receivable (net of allowance for credit losses of \$1,526 and \$5,581, respectively)	32,682	78,900
Investments in equity securities, at fair value	—	116,374
Investments for employee benefit plans, at fair value	47,603	39,751
Investments in affiliates	117,016	70,579
Deferred income taxes	108,308	89,535
Other assets	93,836	93,289
Total assets	\$ 2,530,527	\$ 2,394,799
LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY		
Current liabilities		
Accounts payable	\$ 134,865	\$ 131,284
Accrued expenses and other current liabilities	136,729	109,248
Deferred revenue	102,114	108,316
Liability for guest loyalty program	89,013	94,574
Current portion of long-term debt	—	499,268
Total current liabilities	462,721	942,690
Long-term debt	1,768,526	1,068,751
Long-term deferred revenue	132,259	133,501
Deferred compensation and retirement plan obligations	53,316	45,657
Income taxes payable	—	8,601
Operating lease liabilities	113,255	109,483
Liability for guest loyalty program	40,607	43,266
Other liabilities	5,114	7,252
Total liabilities	2,575,798	2,359,201
Commitments and contingencies (Note 23)		
Common stock, \$0.01 par value; 160,000,000 shares authorized; 95,065,638 shares issued at December 31, 2024 and December 31, 2023; 46,856,567 and 49,526,245 shares outstanding at December 31, 2024 and December 31, 2023, respectively	951	951
Additional paid-in-capital	370,201	330,750
Accumulated other comprehensive loss	(6,193)	(5,671)
Treasury stock, at cost; 48,209,071 and 45,539,393 shares at December 31, 2024 and December 31, 2023, respectively	(2,411,527)	(2,046,791)
Retained earnings	2,001,297	1,756,359
Total shareholders' (deficit) equity	(45,271)	35,598
Total liabilities and shareholders' (deficit) equity	\$ 2,530,527	\$ 2,394,799

The accompanying notes are an integral part of these consolidated financial statements.

CHOICE HOTELS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	Years Ended December 31,		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 299,665	\$ 258,507	\$ 332,152
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	43,282	39,659	30,425
Depreciation and amortization - other expenses from franchised and managed properties	27,578	36,076	33,488
Franchise agreement acquisition cost amortization	28,702	20,024	15,666
Loss (gain) on extinguishment of debt	331	(4,416)	—
Impairment of long-lived assets	—	3,736	—
Gain on sale of business and assets, net	—	—	(16,251)
Non-cash share-based compensation and other charges	43,250	46,809	42,974
Non-cash interest, investments, and affiliate (income) loss, net	(7,282)	(8,747)	7,365
Deferred income taxes	(19,028)	(1,336)	(19,642)
Equity in net (gain) loss of affiliates, less distributions received	(2,327)	(1,570)	489
Franchise agreement acquisition costs, net of reimbursements	(112,164)	(98,316)	(54,527)
Change in working capital and other	17,396	6,128	(5,078)
Net cash provided by operating activities	319,403	296,554	367,061
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in other property and equipment	(39,102)	(47,717)	(24,140)
Investments in owned hotel properties	(106,750)	(68,560)	(65,814)
Contributions to investments in affiliates	(52,768)	(38,930)	(3,148)
Issuances of notes receivable	(37,994)	(4,323)	(5,647)
Purchases of equity securities	—	(112,420)	—
Business acquisition, net of cash acquired	—	—	(550,431)
Distributions from sales of affiliates	15,850	868	—
Collections of notes receivable	32,100	10,852	975
Proceeds from sales of equity securities	108,149	—	—
Proceeds from the sale of assets and business	—	—	166,568
Proceeds from the termination of intangible assets	—	—	44,711
Other items, net	(4,056)	(5,396)	(5,504)
Net cash used in investing activities	(84,571)	(265,626)	(442,430)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net borrowings (repayments) pursuant to revolving credit facilities	111,500	(131,500)	360,000
Proceeds from the issuance of long-term debt	593,574	500,000	—
Repayment of long-term debt	(500,000)	—	(216,571)
Payments to extinguish acquired debt	—	—	(55,975)
Proceeds from acquired derivative	—	—	1,943
Debt issuance costs	(8,069)	(1,553)	(44)
Purchases of treasury stock	(380,743)	(362,772)	(434,767)
Dividends paid	(55,497)	(56,457)	(52,545)
Proceeds from the exercise of stock options	17,525	6,345	3,809
Net cash used in financing activities	(221,710)	(45,937)	(394,150)
Net change in cash and cash equivalents	13,122	(15,009)	(469,519)
Effect of foreign exchange rate changes on cash and cash equivalents	301	197	(520)
Cash and cash equivalents, beginning of period	26,754	41,566	511,605
Cash and cash equivalents, end of period	\$ 40,177	\$ 26,754	\$ 41,566

	Years Ended December 31,		
	2024	2023	2022
Supplemental disclosure of cash flow information:			
Cash payments during the year for			
Income taxes, net of refunds	\$ 108,173	\$ 94,342	\$ 115,972
Interest, net of capitalized interest	\$ 67,176	\$ 60,773	\$ 46,908
Non-cash investing and financing activities			
Dividends declared but not paid	\$ 13,471	\$ 14,902	\$ 13,136
Investments in property, equipment, and intangible assets recognized in accounts payable and accrued expense liabilities	\$ 23,284	\$ 10,291	\$ 5,383
Asset acquisition from extinguishment of note receivable	\$ —	\$ —	\$ 20,446

The accompanying notes are an integral part of these consolidated financial statements.

CHOICE HOTELS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

	Common Stock - Shares Outstanding	Common Stock - Par Value	Additional Paid-in- Capital	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Retained Earnings	Total
Balance as of December 31, 2021	55,609,226	\$ 951	\$ 259,317	\$ (4,574)	\$ (1,265,032)	\$ 1,275,220	\$ 265,882
Net income	—	—	—	—	—	332,152	332,152
Other comprehensive loss, net of tax	—	—	—	(637)	—	—	(637)
Share-based payment activity ⁽¹⁾	294,095	—	38,736	—	4,941	—	43,677
Dividends declared (\$0.95 per share)	—	—	—	—	—	(51,648)	(51,648)
Treasury purchases	(3,702,418)	—	—	—	(434,766)	—	(434,766)
Balance as of December 31, 2022	52,200,903	\$ 951	\$ 298,053	\$ (5,211)	\$ (1,694,857)	\$ 1,555,724	\$ 154,660
Net income	—	—	—	—	—	258,507	258,507
Other comprehensive loss, net of tax	—	—	—	(460)	—	—	(460)
Share-based payment activity ⁽¹⁾	366,121	—	32,697	—	13,889	—	46,586
Dividends declared (\$1.15 per share)	—	—	—	—	—	(57,872)	(57,872)
Treasury purchases ⁽²⁾	(3,040,779)	—	—	—	(365,823)	—	(365,823)
Balance as of December 31, 2023	49,526,245	\$ 951	\$ 330,750	\$ (5,671)	\$ (2,046,791)	\$ 1,756,359	\$ 35,598
Net income	—	—	—	—	—	299,665	299,665
Other comprehensive loss, net of tax	—	—	—	(522)	—	—	(522)
Share-based payment activity ⁽¹⁾	437,268	—	39,451	—	13,659	—	53,110
Dividends declared (\$1.15 per share)	—	—	—	—	—	(54,727)	(54,727)
Treasury purchases ⁽²⁾	(3,106,946)	—	—	—	(378,395)	—	(378,395)
Balance as of December 31, 2024	46,856,567	\$ 951	\$ 370,201	\$ (6,193)	\$ (2,411,527)	\$ 2,001,297	\$ (45,271)

⁽¹⁾ During certain periods presented, accumulated dividends were paid to certain shareholders upon vesting of their PVRsUs, which are presented in Share-based payment activity.

⁽²⁾ Beginning January 1, 2023, Treasury purchases include a 1% excise tax as imposed by the Inflation Reduction Act of 2022.

The accompanying notes are an integral part of these consolidated financial statements.

CHOICE HOTELS INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements of Choice Hotels International, Inc. and subsidiaries (collectively, "Choice" or the "Company") have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America ("GAAP") pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). All significant intercompany accounts and transactions between the Company and its subsidiaries have been eliminated in consolidation.

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of management, the accompanying consolidated financial statements include all adjustments that are necessary to fairly present the Company's financial position and results of operations. Except as otherwise disclosed, all adjustments are of a normal recurring nature.

Certain prior year amounts in our consolidated financial statements have been reclassified in order to maintain comparability with the current year presentation. Business combination, diligence and transition costs, which were previously presented in selling, general and administrative expenses, are now presented within a standalone financial statement line item in the consolidated statements of income. The reclassification had no effect on the Company's previously reported operating income or net income. Investments in owned hotel properties and investments in other property and equipment, which were previously presented in investments in property and equipment, are now presented within standalone financial statement line items in the consolidated statements of cash flows. The reclassification had no effect on the Company's previously reported net cash used in investing activities or the net change in cash and cash equivalents. Purchases of investments for employee benefit plans, investments in intangible assets, asset acquisitions, net of cash paid, and proceeds from sales of investments for employee benefit plans, which were previously presented in standalone financial statement line items, are now presented within other items, net in the consolidated statements of cash flows. The reclassification had no effect on the Company's previously reported net cash used in investing activities or the net change in cash and cash equivalents.

Acquisition of Radisson Hotels Americas

On August 11, 2022, the Company completed the acquisition (the "Transaction") of (1) all of the issued and outstanding shares of Radisson Hospitality, Inc., and (2) certain trademarks held by Radisson Hospitality Belgium BV/SRL (collectively referred to as "Radisson Hotels Americas").

The Company determined that it was the accounting acquirer of Radisson Hotels Americas and accounted for the Transaction as a business combination using the acquisition method of accounting. Accordingly, the assets acquired and the liabilities assumed were recorded at their fair values as of the August 11, 2022 acquisition date, with the exception of certain assets and liabilities which were accounted for in accordance with the provisions of ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* ("ASU 2021-08"). The Company finalized the purchase price allocation for the Transaction during the third quarter of 2023.

Revenue Recognition

Franchise Agreements

The Company's revenues are primarily derived from franchise agreements with third-party hotel owners. The majority of the Company's performance obligations are a series of distinct services, which are described in more detail below, for which the Company receives variable consideration through franchise fees. The Company enters into franchise agreements to provide franchisees with a limited non-exclusive license to utilize the Company's registered brand tradenames and trademarks, marketing and reservation services, and other miscellaneous franchise services. These agreements typically have an initial term of 10 to 30 years with provisions permitting the franchisees or the Company to terminate the franchise agreement upon designated anniversaries of the hotel opening before the end of the initial term. An up-front initial franchise fee is assessed to the third-party hotel owners to affiliate with our brands, which is typically paid prior to the execution of the franchise agreement and is non-refundable. After hotel opening, franchise fees are typically generated based on a percentage of gross room revenues or as designated transactions and events occur (such as when a reservation is delivered to the hotel through a specified channel) and are invoiced by the Company in the following month.

The franchise agreements are comprised of multiple performance obligations, which may require significant judgment in identifying. The primary performance obligations are as follows:

- *License of brand intellectual property and related services* (“brand intellectual property”) - Grants the right to access the Company’s intellectual property associated with the brand tradenames, trademarks, reservation systems, property management systems, and related services.
- *Material rights for free or discounted goods or services to hotel guests* - Primarily consists of the points issued under the Company’s guest loyalty program, Choice Privileges.

License of Brand Intellectual Property and Related Services

The fees generated from brand intellectual property are recognized to revenue over time as the hotel owners pay for access to these services for the duration of the franchise agreement. The franchise fees are typically based on the sales or usage of the underlying hotel (i.e., after the completion of a hotel stay), with the exception of fixed up-front fees that usually represent an insignificant portion of the transaction price. The variable transaction price is determined for the period when the underlying gross room revenues and the transactions or events which generate fees are known.

Franchise fees include the following:

- *Royalty fees* - Royalty fees are earned in exchange for a license to brand intellectual property typically based on a percentage of gross room revenues. The royalty fees are billed and collected monthly and the revenues are recognized in the same period that the underlying gross room revenues are earned by the Company’s franchisees. The royalty fees are recognized within royalty, licensing and management fees revenue in the consolidated statements of income.
- *Initial franchise fees* - Initial franchise fees are charged when (i) new hotels enter the franchise system, (ii) there is a change of ownership, or (iii) the existing franchise agreements are extended. The initial franchise fees are recognized as revenue ratably as the services are provided over the enforceable period of the franchise agreement, unless the franchise agreement is terminated and the hotel exits the franchise system whereby the remaining deferred amounts are recognized to revenue in the period of termination. The enforceable period is the period from the hotel's opening to the first point the franchisee or the Company can terminate the franchise agreement without incurring a significant penalty.
- *Other revenue* - Other revenue is a combination of miscellaneous non-marketing and reservation system fees, which includes quality assurance, non-compliance, and franchisee training fees. Other revenue is recognized in the period that the designated transaction or event has occurred.

The Company’s franchise agreements require the payment of marketing and reservation system fees. The Company is obligated to use these marketing and reservation system fees to provide marketing and reservation services, such as marketing, media, advertising, access to centralized reservation systems, and certain franchise services to support the operation of the overall franchise system. The marketing and reservation system fees are recognized within other revenues from franchised and managed properties in the consolidated statements of income. These services are comprised of multiple fees including the following:

- Fees based on a percentage of gross room revenues are recognized in the period the gross room revenue was earned, based on the underlying hotel’s sales or usage.
- Fees based on the occurrence of a designated transaction or event are recognized in the period the transaction or event occurred.
- System implementation fees charged to the franchisees are deferred and recognized as revenue over the enforceable period of the franchise agreement.
- Marketing and reservation system activities also include revenues generated from the Company’s guest loyalty programs. The revenue recognition of these programs is discussed in the *Material rights for free or discounted goods or services to hotel guests* section below.

Marketing and reservation system expenses are the expenses that are incurred to facilitate the delivery of the marketing and reservation system services, including direct expenses and an allocation of costs for certain administrative activities that are required to carry out marketing and reservation system services. Marketing and reservation system expenses are recognized when the services are incurred or the goods are received within other expenses from franchised and managed properties in the consolidated statements of income. As a result, the marketing and reservation system expenses may not equal the marketing and reservation system revenues in a specific period but are expected to equal the revenues earned from the franchisees over time. The Company’s franchise agreements provide the Company the right to advance monies to the franchise system when the needs

of the franchisor system surpass the balances currently available. The Company has the right to recover such advances in future periods through additional fee assessments or reduced spending.

Material Rights for Free or Discounted Goods or Services to Hotel Guests

Choice Privileges is the Company's guest loyalty program, which enable members to earn points based on their spending levels with the Company's franchisees or certain vendors (refer to the Partnership Agreements section below). The points, which the Company accumulates and tracks on the members' behalf, may be redeemed for free accommodations or other benefits (e.g. gift cards to participating retailers). The Company collects from the franchisees a percentage of the loyalty program members' gross room revenue from completed stays to operate the programs. At such time the points are redeemed for free accommodations or other benefits, the Company reimburses the franchisees or third parties based on a rate derived in accordance with the franchise or vendor agreement.

The loyalty points represent a performance obligation attributable to the usage of the points, and thus the revenues are recognized at the point in time when the loyalty points are redeemed by the members for benefits (with both franchisees and third-party partners), net of the cost of redemptions. For the years ended December 31, 2024, 2023, and 2022, the loyalty net revenues, inclusive of adjustments to the estimated redemption rates, were \$123.2 million, \$93.1 million, and \$109.3 million, respectively. The transaction price is variable and determined in the period when the loyalty points are earned and the underlying gross room revenues are known. No loyalty program revenues are recognized at the time the loyalty points are issued.

The Company is an agent in coordinating the delivery of the services between the loyalty program member and the franchisee or third party, and as a result, the revenues are recognized net of the cost of redemptions. The estimated value of the future redemptions is reflected in the current and non-current liability for guest loyalty program in the consolidated balance sheets. The liability for the guest loyalty program is developed based on an estimate of the eventual redemption rates and point values using various actuarial methods. These significant judgments determine the required point liability attributable to the outstanding points, which is relieved as the redemption costs are processed. The amount of the loyalty program fees in excess of the guest loyalty program point liability represents current and non-current deferred revenue, which is recognized to revenue as the points are redeemed including an estimate of the future forfeitures ("breakage"). The anticipated redemption pattern of the points is the basis for the current and non-current designation of each liability. As of December 31, 2024, the current and non-current deferred revenue balances were \$75.8 million and \$34.6 million, respectively. The loyalty points are typically redeemed within three years of issuance. The loyalty program point redemption revenues are recognized within other revenues from franchised and managed properties in the consolidated statements of income.

The Company also recognizes revenues from various contracts that are incidental to the support of the operations for the franchised hotels, including the purchasing operations.

Partnership Agreements

The Company is a party to various agreements with third-party partners, including the co-branding of the Choice Privileges credit card. The agreements typically provide for use of the Company's marks, limited access to the Company's distribution channels, and the sale of Choice Privileges loyalty points, in exchange for fees primarily comprising variable consideration that is paid each month. Loyalty members can earn points through participation in the partner's program.

The partnership agreements include multiple performance obligations. The primary performance obligations are for the brand intellectual property and material rights for free or discounted goods or services to hotel guests. The allocation of the fixed and variable consideration to the performance obligations is based on the standalone selling price, which is estimated based on the market and income methods, which contain significant judgments. The amounts allocated to the brand intellectual property are recognized on a gross basis over time using the output measure of the time elapsed, primarily within royalty, licensing and management fees and platform and procurement services fees in the consolidated statements of income. The amounts allocated to the material rights for free or discounted goods or services to hotel guests are recognized to revenue as the points are redeemed including an estimate of the breakage, primarily within other revenues from franchised and managed properties in the consolidated statements of income.

Qualified Vendors

The Company generates procurement services revenue from qualified vendors. The qualified vendor revenue is generally based on the marketing services provided by the Company on behalf of, and the access provided to, the qualified vendors to the hotel owners and guests. The Company provides these services in exchange for either fixed consideration or a percentage of the revenues earned by the qualified vendor pertaining to purchases by the Company's franchisees or guests. The fixed consideration is paid in installments based on a contractual schedule, with an initial payment typically due at contract execution. The variable consideration is typically paid quarterly after the sales to the franchisees or guests have occurred.

The qualified vendor agreements comprise a single performance obligation, which is satisfied over time based on the access afforded, and the services provided, to the qualified vendor for the stated duration of the agreement. The fixed consideration is allocated and recognized ratably to each period over the term of the agreement. The variable consideration is determined and recognized in the period when the vendors' sales to the franchisees or guests are known or the cash payment has been remitted. The qualified vendor revenues are recognized within platform and procurement services fees revenue in the consolidated statements of income.

Other

The Company is a party to other non-franchising agreements that generate revenue, which are primarily software as a service ("SaaS") arrangements for non-franchised hoteliers, and is presented as other revenue in the consolidated statements of income. SaaS agreements typically include fixed consideration for installment and other initiation fees that are paid at the beginning of the contract, and variable consideration for recurring subscription revenue that is typically paid on a monthly basis. SaaS agreements comprise a single performance obligation, which is satisfied over time based on the access to the software for the stated duration of the agreement. The fixed consideration is allocated and recognized ratably to each period over the term of the agreement. The variable consideration is determined at the conclusion of each period, and allocated to and recognized in the current period.

Managed Hotels

The Company manages 13 hotels (inclusive of four owned hotels). The management agreements provide for the use of the Company's marks and hotel management services, which include providing day-to-day management services in the operation of the hotels for the hotel owners. The fees generated from the management agreements are recognized to revenue over time as the hotel owners pay for access to these services for the duration of the management agreement, and include base and incentive management fees. Base management fees are generally based on a percentage of the hotel's monthly gross revenue and are invoiced and collected monthly. Incentive management fees are generally based on a percentage of the hotel's operating profits and are invoiced on an annual basis. Base and incentive management fee revenues are recognized within royalty, licensing and management fees in the consolidated statements of income. Refer to Note 23 for more information on the management agreement guarantees.

The Company's management agreements include amounts that are contractually reimbursed to the Company by the hotel owners, either directly or indirectly, relating to certain costs and expenses that are paid by the Company in support of the operations of these hotel properties. The reimbursements include payroll costs and certain other operating costs of the managed properties' operations, which are reimbursed to the Company by the hotel owners as the expenses are incurred. The revenue related to these direct reimbursements is recognized based on the amount of the expenses incurred by the Company, which are recognized as other expenses from franchised and managed properties in the consolidated statements of income. The hotel owner typically reimburses the Company on a monthly basis, which results in no net effect to operating income or net income. The revenues related to marketing and reservations are recognized over time and are intended to reimburse the Company, indirectly, for the expenses incurred in performing the marketing and reservation services. These managed revenues are presented within other revenues from franchised and managed properties in the consolidated statements of income.

Owned Hotels

The Company owned 12 hotels and 10 hotels as of December 31, 2024 and 2023, respectively, from which the Company generates revenues. As a hotel owner, the Company has performance obligations to provide accommodations to hotel guests and in return, the Company earns a nightly fee for an agreed upon period that is generally payable at the time the hotel guest checks out of the hotel. The Company typically satisfies the performance obligations over the length of the stay and recognizes the revenue on a daily basis, as the hotel rooms are occupied and the services are rendered.

Other ancillary goods and services at the owned hotels are purchased independently of the hotel stay at the standalone selling prices and are considered separate performance obligations, which are satisfied at the point in time when the related good or service is provided to the guest. These primarily consist of food and beverage, incidentals, and parking fees. The hotel room night and other ancillary good and services revenues are recognized within owned hotels revenue in the consolidated statements of income.

Sales Taxes

The Company presents the taxes collected from customers and then remitted to governmental authorities on a net basis and, therefore, the taxes are excluded from revenues in the consolidated financial statements.

Business Combination, Diligence and Transition Costs

The Company incurs costs during the review of potential business combinations, including legal fees, financial advisory, and other professional service fees. If the Company is successful in completing a business combination, then the Company may incur transition and integration costs, including professional service fees, technology costs, and employee-related costs such as bonuses, retention, and severance. The business combination, diligence and transition costs are expensed as incurred in the consolidated statements of income.

Notes & Accounts Receivable and Allowances for Credit Losses

The Company provides financing in the form of notes receivable loans to franchisees to support the development or conversion of properties in strategic markets.

The Company accrues interest for notes receivable loans in accordance with loan provisions. The Company considers notes receivable loans past due and in default when payments are not made when due in accordance with the then-current loan provisions or the terms extended to the borrowers, including loans with concessions or interest deferral. The Company suspends the accrual of interest when payments on loans are more than 30 days past due or upon a loan being classified as collateral-dependent. The Company applies the payments received for loans on a non-accrual status first to interest and then to principal. The Company does not resume an interest accrual until all delinquent payments are received based on the then-current loan provisions.

The Company has developed a systematic methodology to determine its allowance for credit losses across our portfolio of notes receivable loans. The Company monitors the risk and performance of our portfolio by the level of security in the collateral (i.e., senior, subordinated, or unsecured), which is the Company's credit quality indicator. As each of the Company's notes receivable loans has unique risk characteristics, the Company deploys its methodology to calculate allowances for credit losses at the individual notes receivable loan level.

The Company primarily utilizes a discounted cash flow ("DCF") technique to measure the credit allowance, influenced by the key economic variables of each note receivable loan. The Company identified the key economic variables for these loans to be the loan-to-cost ("LTC") or loan-to-value ("LTV") ratios and a debt service coverage ratio ("DSCR"). The LTC or LTV ratio represents the loan principal relative to the project cost or value and is an indication of the loan principal's ability to be re-paid at loan maturity. The DSCR represents property-specific net operating income as a percentage of the interest and principal payments incurred (i.e., debt service) on all debt of the borrower for the property and is an indication of the borrower's ability to make timely payments during the term of the loan. The LTC or LTV ratios and DSCR are considered during the loan underwriting process as indications of risk and, accordingly, we believe these factors are the most representative risk indicators for calculating the allowance for credit loss. Loans with higher LTC or LTV ratios and lower DSCR ratios generally are representative of loans with greater risk and, accordingly, have higher credit allowances as a percentage of loan principal. Conversely, loans with lower LTC or LTV ratios and higher DSCR ratios generally are representative of loans with lesser risk and, accordingly, have lower credit allowances as a percentage of loan principal. In preparing or updating a DCF model to measure the credit allowance, the Company develops various recovery scenarios and, based on the key economic variables, the present status of the loan, and the underlying collateral, applies a probability-weighting to the outputs of the scenarios.

Collateral-dependent financial assets are financial assets for which repayment is expected to be derived substantially through the operation or sale of the collateral and when the borrower is experiencing financial difficulty. For collateral-dependent loans, the expected credit losses are based on the fair value of the collateral, less the selling costs if repayment will be from the sale of the collateral. The Company calculates the fair value of the collateral using a DCF technique to project the cash flows or a market approach via quoted market prices. In developing the cash flow projections, the Company will review the borrower's financial statements for the property, economic trends, industry projections for the market where the property is located, and comparable sales capitalization rates.

Management assesses the credit quality of the notes receivable portfolio and the adequacy of the credit loss allowances on a quarterly basis and recognizes the provisions for credit losses in selling, general and administrative expenses in the consolidated statements of income. Significant judgment is required in this analysis.

Accounts receivable consists primarily of the franchise and related fees due from the hotel franchisees and are recorded at the invoiced amount. The allowance for credit losses is the Company's best estimate of the amount of expected credit losses inherent in the accounts receivable balance. The Company determines the allowance considering its historical write-off experience, a review of the aged receivable balances and customer payment trends, the economic environment, and other available evidence. The Company recognizes the provisions for credit losses on accounts receivable in selling, general and administrative expenses and other expenses from franchised and managed properties in the consolidated statements of income.

When the Company determines that a trade or note receivable is not collectible, then the account is written-off to the associated allowance for credit losses.

Refer to Note 4 for more information on the receivables and the allowances for credit losses.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense was \$194.6 million, \$195.2 million, and \$170.4 million for the years ended December 31, 2024, 2023, and 2022, respectively. The Company presents advertising costs primarily in other expenses from franchised and managed properties in the consolidated statements of income.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents. The Company maintains cash balances at domestic banks, which at times may exceed the limits of the amounts insured by the Federal Deposit Insurance Corporation. In addition, the Company also maintains cash balances at international banks which do not provide deposit insurance.

Capitalization Policies

Property and equipment are generally recorded at cost and depreciated for financial reporting purposes using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the assets. Major renovations and replacements incurred during construction are capitalized. The costs for computer software developed for internal use are capitalized during the application development stage and amortized using the straight-line method over the estimated useful lives of the software. The capitalized software licenses pertaining to cloud computing arrangements are amortized using the straight-line method over the shorter of the cloud computing arrangement term or the estimated useful lives of the software. The Company capitalizes the interest incurred during the construction and development of property and equipment, including software. The total interest capitalized as a cost of property and equipment was \$9.4 million and \$5.8 million during the years ended December 31, 2024 and 2023, respectively.

As construction in progress and software development are completed and then placed in service, the assets are transferred to the appropriate property and equipment categories and depreciation and amortization begins. Upon the sale or the retirement of the property, the cost and the related accumulated depreciation are eliminated from the accounts and any related gain or loss is recognized in the consolidated statements of income. Repairs and maintenance, and minor replacements, are charged to expense as incurred.

The Company has made certain acquisitions of hotel assets, which are recognized at the fair value of the consideration exchanged. The Company acquires land parcels with the intention to develop hotels, which are recognized at cost within property and equipment, net in the consolidated balance sheets. If the Company determines that it will not progress to active construction and development of a land parcel, then the land parcel is reclassified to other assets in the consolidated balance sheets.

The table below summarizes the estimated useful lives for the respective assets for depreciation and amortization purposes:

Computer equipment and software	2 - 7 years
Buildings and leasehold improvements	10 - 40 years
Furniture, fixtures, vehicles and equipment	3 - 10 years

Assets Held for Sale

The Company considers assets to be held for sale when all of the following criteria are met:

- Management commits to a plan to sell an asset;
- It is unlikely that the disposal plan will be significantly modified or discontinued;
- The asset is available for immediate sale in its present condition;
- Actions required to complete the sale of the asset have been initiated;
- The sale of the asset is probable and the Company expects the completed sale will occur within one year; and
- The asset is actively being marketed for sale at a price that is reasonable given its current market value.

Upon designation as an asset held for sale, the Company recognizes the carrying value of each asset as a component of other current assets at the lower of its carrying value or its estimated fair value, less the estimated costs to sell, and immediately ceases the recognition of depreciation or amortization expense on the asset.

If, at any time, these criteria are no longer met, subject to certain exceptions, then the assets previously classified as held for sale are reclassified as held and used and measured individually at the lower of (a) the carrying amount before the asset was

classified as held for sale, adjusted for any depreciation or amortization expense that would have been recognized had the asset been continuously classified as held and used, or (b) the fair value at the date of the subsequent decision not to sell.

Long-Lived Assets, Intangible Assets, and Goodwill

The Company groups its long-lived assets, including property and equipment and definite-lived intangible assets (e.g., franchise rights and franchise agreement acquisition costs), at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The Company evaluates the potential impairment of its long-lived asset groups annually as of December 31 or earlier when other circumstances indicate that the Company may not be able to recover the carrying value of the asset group. When indicators of impairment are present, then the recoverability is assessed based on undiscounted expected cash flows. If the undiscounted expected cash flows are less than the carrying amount of the asset group, then an impairment charge is measured and recognized, as applicable, for the excess of the carrying value over the fair value of the asset group. The fair value of the long-lived asset groups are estimated primarily using discounted cash flow analyses representing the highest and best use by an independent market participant. Significant management judgment is involved in evaluating any indicators of impairment and developing any required projections to test for the recoverability or the estimated fair value.

The Company did not identify any indicators of impairment of long-lived assets from the Hotel Franchising reporting unit during the years ended December 31, 2024, 2023, and 2022, other than impairments on franchise sales commission assets and franchise agreement acquisition cost intangible assets, which are recognized within selling, general and administrative expenses and other expenses from franchised and managed properties in the consolidated statements of income. Refer to Note 2 for additional information.

During the year ended December 31, 2023, the Company recognized an impairment loss on the long-lived assets associated with the legacy Radisson corporate office lease. Refer to Note 6 for additional information.

The Company evaluates the impairment of goodwill and intangible assets with indefinite lives annually as of December 31 or earlier upon the occurrence of substantive unfavorable changes in economic conditions, industry trends, costs, cash flows, or ongoing declines in market capitalization that indicate that the Company may not be able to recover the carrying amount of the asset. In evaluating these assets for impairment, the Company may elect to first assess qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit or the indefinite lived intangible asset is less than its carrying amount. If the conclusion is that it is not more likely than not that the fair value of the asset is less than its carrying value, then no further testing is required. If the conclusion is that it is more likely than not that the fair value of the asset is less than its carrying value, then a quantitative impairment test is performed whereby the carrying value is compared to the fair value of the asset and an impairment charge is recognized, as applicable, for the excess of the carrying value over the fair value. The Company may elect to forgo the qualitative assessment and move directly to the quantitative impairment tests for goodwill and indefinite-lived intangible assets. The Company determines the fair value of its reporting units and indefinite-lived intangible assets using the income and market methods.

Goodwill is allocated to the Company's reporting units. The Company's reporting units are determined primarily by the availability of discrete financial information relied upon by the chief operating decision maker ("CODM") to assess performance and make operating segment resource allocation decisions. As of December 31, 2024, the Company's goodwill is allocated solely to the Hotel Franchising reporting unit. The Company performed the qualitative impairment analysis for the Hotel Franchising reporting unit, concluding that it is more likely than not that the fair value of the reporting unit is greater than its carrying amount. As such, a quantitative test was not required and no impairment was recorded.

Variable Interest Entities

In accordance with the guidance for the consolidation of variable interest entities ("VIE"), the Company identifies its variable interests and analyzes to determine if the entity in which the Company has a variable interest is a VIE. The Company's variable interests include equity investments, loans, and guaranties. The determination of whether a variable interest is a VIE includes both quantitative and qualitative considerations. For those entities determined to be VIEs, a further quantitative and qualitative analysis is performed to determine if the Company is deemed to be the primary beneficiary. The primary beneficiary is the party who has the power to direct the activities of a VIE that most significantly impacts the entity's economic performance and who has an obligation to absorb the losses of the entity or a right to receive the benefits from the entity that could potentially be significant. The Company consolidates those entities in which it is determined to be the primary beneficiary. As of December 31, 2024, the Company is not the primary beneficiary of any VIE. The Company's qualitative analysis is based on its review of the design of the entity, the organizational structure including its decision-making ability, and the relevant development, operating management, and financial agreements.

The investments in unconsolidated affiliates where the Company is not deemed to be the primary beneficiary but where the Company exercises significant influence over the operating and financial policies of the investee are accounted for using the equity method of accounting.

Investments in Affiliates

The Company evaluates an investment in an affiliate for impairment when circumstances indicate that the carrying value may not be recoverable, such as a loan default, significant under-performance relative to historical or projected operating performance, and/or significant negative industry, market, or economic trends. When there is an indication that a loss in value has occurred, the Company evaluates the carrying value compared to the estimated fair value of the investment. The fair value is based upon internally-developed discounted cash flow models, third-party appraisals, or current estimated net sales proceeds from pending offers. There are judgments and assumptions in each of these fair value determinations, including our selection of comparable market transactions, the amount and timing of expected future cash flows, long-term growth rates, and sales capitalization rates. These nonrecurring fair value measurements are classified as level three in the fair value measurement hierarchy, as the Company utilizes unobservable inputs which are significant to the overall fair value. If the estimated fair value is less than the carrying value, then management uses its judgment to determine if the decline in value is other-than-temporary. In determining this, the Company considers factors including, but not limited to, the length of time and extent of the decline, loss of value as a percentage of the cost, financial condition, near-term financial projections, the Company's intent and ability to recover the lost value, and current economic conditions. For declines in value that are deemed to be other-than-temporary, then the impairment charge is recognized to earnings. The Company did not recognize any impairment charges on its investments in affiliates during the years ended December 31, 2024 and 2023. During the year ended December 31, 2022, the Company recognized impairment charges of \$0.2 million related to multiple investments in affiliates that are accounted for under the equity method of accounting. The impairment charges were recognized within equity in net gain of affiliates in the consolidated statements of income. Refer to Note 8 for additional information.

Investments in Equity Securities

The Company's investments in equity securities are recognized at fair value in the consolidated balance sheets, and the unrealized gains and losses on the investments in equity securities are recognized as other loss (gain) in the consolidated statements of income. Refer to Note 14 for additional information on the fair value measurements of the equity securities. The realized gains and losses on the investments in equity securities are recognized upon the disposition of the equity securities using the specific identification method as other loss (gain) in the consolidated statements of income.

Foreign Operations

The United States dollar is the functional currency of the consolidated entities operating in the United States. The functional currency for the consolidated entities operating outside of the United States is generally the currency of the primary economic environment in which the entity primarily generates and expends cash. The Company translates the financial statements of the consolidated entities whose functional currency is not the United States dollar into United States dollars. The Company translates the assets and liabilities at the exchange rate in effect as of the financial statement date, and translates income statement accounts using the approximate weighted average exchange rate for the period. The Company includes translation adjustments from foreign exchange and the effect of exchange rate changes on intercompany transactions of a long-term investment nature as a separate component of shareholders' (deficit) equity. The Company presents foreign currency transaction gains and losses, and the effect of inter-company transactions of a short-term or trading nature, within other loss (gain) in the consolidated statements of income. For the years ended December 31, 2024 and 2023, the foreign currency transaction gains were \$2.1 million and \$0.5 million, respectively. For the year ended December 31, 2022, the foreign currency transaction losses were \$1.0 million.

Share-Based Compensation

The Company has stock compensation plans pursuant to which it is authorized to grant share-based awards, including restricted stock, stock options, stock appreciation rights, and performance-based share awards, to officers, key employees, and non-employee directors with contractual terms that are set by the Compensation and Management Development Committee of the Board of Directors.

Stock Options - The Company recognizes compensation expense related to the fair value of these awards on a straight-line basis over the requisite service period for the share-based awards that ultimately vest. The fair value of the stock options is estimated on the grant date using the Black-Scholes options-pricing model.

Restricted Stock Units ("RSUs") - The Company recognizes compensation expense related to the fair value of the restricted stock awards on a straight-line basis over the requisite service period for the restricted stock awards that ultimately vest. The fair value of the grants is measured by the market price of the Company's common stock on the date of grant. The restricted stock awards generally vest ratably over the service period beginning on the first anniversary of the grant date. The restricted stock awards granted to retirement eligible non-employee directors are recognized over the shorter of the requisite service period or the length of time until retirement since the terms of the grant provide that awards will vest upon retirement.

Performance Vested Restricted Stock Units ("PVRsUs") - The Company has granted PVRsUs to certain employees. The Company grants three types of PVRsU awards: i) PVRsUs with performance conditions based on internal performance metrics, ii) PVRsUs with market conditions based on the Company's total shareholder return ("TSR") relative to a predetermined peer group, and iii) PVRsUs with both performance and market conditions. The vesting of the PVRsU awards is contingent upon the Company achieving the internal performance and/or TSR targets over a specified period and the employees' continued employment over the service period. The performance and market conditions affect the number of shares that will ultimately vest.

The fair value of the PVRsUs with performance conditions based on internal performance metrics is measured by the market price of the Company's common stock on the date of the award grant. The Company recognizes compensation expense ratably over the requisite service period based on the Company's estimate of achieving the performance conditions.

The fair value of the PVRsUs with market conditions is estimated using a Monte Carlo simulation method as of the date of the award grant. The Company recognizes compensation expense ratably over the requisite service period regardless of whether the market conditions are achieved and the awards ultimately vest.

The fair value of the PVRsUs with both performance and market conditions is estimated using a Monte Carlo simulation as of the date of the award grant. The Company recognizes compensation expense ratably over the requisite service period based on the Company's estimate of achieving the performance conditions, with subsequent adjustments being made for the performance-based leveraging of any unvested PVRsUs, as necessary.

Over the life of the share-based award grant, the Company's estimate of the share-based compensation expense for the share-based awards with performance and/or service requirements will be adjusted so that compensation expense is recognized only for the share-based awards that will ultimately vest. The expected forfeiture rate is calculated based on the number of shares that have historically been forfeited due to termination within one year of the grant date.

Leases

The Company determines if an arrangement is a lease, and the classification as either an operating lease or a financing lease, at lease inception. Operating leases are included in operating lease right-of-use assets, accrued expenses and other current liabilities, and operating lease liabilities in our consolidated balance sheets. As of December 31, 2024 and 2023, the Company did not have any leases classified as a financing lease.

On the commencement date, operating lease right-of-use assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term. The operating lease right-of-use assets are further offset by prepaid rent, lease incentives, and initial direct costs incurred. When a lease agreement does not provide an implicit rate, the Company utilizes its incremental borrowing rate based on the information available at the commencement date in determining the present value of the future minimum lease payments.

Lease expense for the minimum lease payments is recognized on a straight-line basis over the lease term. Variable lease payments include certain index-based changes in rent, certain non-lease components (such as maintenance and other services provided by the lessor), and other charges included in the lease. Variable lease payments are excluded from the future minimum lease payments and expensed as incurred.

The Company has made an election to not separate the lease and the non-lease components for all classes of underlying assets in which it is the lessee. In addition, the Company has made an election to not recognize short-term leases with an initial term of 12 months or less in the consolidated balance sheets. These short-term leases are expensed on a straight-line basis over the lease term.

Recently Adopted & Issued Accounting Standards

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, *Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). ASU 2023-07 requires public entities to disclose significant segment expenses by reportable segment if they are regularly provided to the chief operating decision maker and included in each reported measure of segment profit or loss on both an annual and an interim basis. ASU 2023-07 is effective for the annual reporting period beginning after December 15, 2023 and the interim periods within the annual reporting period beginning after December 15, 2024. The Company adopted ASU 2023-07 on a retrospective basis effective December 31, 2024. The adoption of this standard did not have an impact on the Company's consolidated financial statements, but it did require enhanced segment disclosures in the notes to the consolidated financial statements. Refer to Note 20 for more information.

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures* ("ASU 2023-09"). ASU 2023-09 is designed to provide additional information to financial statement users in regards to how an entity's operations, risks, and planning affect its tax rate, opportunities, and future cash flows. ASU 2023-09 is effective for the annual reporting period beginning after December 15, 2024. Based on the Company's assessment, the adoption of this standard is not expected to have an impact on the Company's consolidated financial statements, but it will require enhanced income tax disclosures in the notes to the consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses* ("ASU 2024-03"). ASU 2024-03 requires public entities to provide detailed disclosure of the income statement expenses in the footnotes to the consolidated financial statements. ASU 2024-03 does not require any changes to the expense captions on the face of the consolidated income statement. ASU 2024-03 is effective for the annual reporting period beginning after December 15, 2026 and for the interim periods within the annual reporting period beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the potential impact that ASU 2024-03 will have on the Company's consolidated financial statements.

2. Revenue

Contract Liabilities

Contract liabilities relate to (i) advance consideration received related to services considered to be a part of the brand intellectual property performance obligation, such as initial franchise fees that are paid when a franchise agreement is executed and system implementation fees that are paid at the time of installation, and (ii) amounts received when loyalty points are issued but the associated revenue has not yet been recognized because the related loyalty points have not been redeemed.

Deferred revenues from initial franchise fees and system implementation fees are typically recognized over a ten-year period, unless the franchise agreement is terminated and the hotel exits the franchise system whereby the remaining deferred revenue amounts are recognized to revenue in the period of termination. Loyalty points are typically redeemed within three years of issuance.

The following table summarizes the significant changes in the contract liabilities balances during the year ended December 31, 2024:

(in thousands)

Balance as of December 31, 2023	\$	209,895
Increases to the contract liability balance due to cash received		126,055
Revenue recognized in the period		(119,253)
Balance as of December 31, 2024	\$	216,697

Remaining Performance Obligations

The aggregate amount of the transaction price that is allocated to unsatisfied, or partially unsatisfied, performance obligations was \$216.7 million as of December 31, 2024. This amount represents the fixed transaction price that will be recognized as revenue in future periods, which is presented as current and non-current deferred revenue in the consolidated balance sheets.

Based on the practical expedient elections permitted by ASU 2014-09, *Revenue From Contracts with Customers (Topic 606)* and subsequent amendments ("Topic 606"), the Company does not disclose the value of unsatisfied performance obligations for (i) variable consideration subject to the sales or usage-based royalty constraint or comprising a component of a series (including franchise, partnership, qualified vendor, and SaaS agreements), (ii) variable consideration for which the Company recognizes revenue at the amount to which it has the right to invoice for the services performed, or (iii) contracts with an expected original duration of one year or less.

Capitalized Franchise Agreement Costs

Sales commissions earned by Company personnel upon execution of a franchise agreement (“franchise sales commissions”) meet the requirement to be capitalized as an incremental cost of obtaining a contract with a customer. The capitalized franchise sales commissions are amortized on a straight-line basis over the estimated benefit period of the arrangement, unless the franchise agreement is terminated and the hotel exits the system whereby the remaining capitalized amounts will be expensed in the period of termination. The estimated benefit period is the Company's estimate of the duration a hotel will remain in the Choice system. As of December 31, 2024 and 2023, the capitalized franchise sales commissions were \$59.5 million and \$58.6 million, respectively, which are recognized within other assets in the consolidated balance sheets. For the years ended December 31, 2024, 2023, and 2022, amortization expense and impairment charges were \$10.2 million, \$13.1 million, and \$13.0 million, respectively, which are recognized in selling, general and administrative expenses in the consolidated statements of income.

The Company makes certain payments to customers as an incentive to enter into new franchise agreements (“franchise agreement acquisition costs”). These payments are recognized as an adjustment to the transaction price and capitalized as an intangible asset in the consolidated balance sheets. The franchise agreement acquisition cost intangible assets are amortized on a straight-line basis over the estimated benefit period of the arrangement as a reduction to royalty, licensing and management fees and other revenues from franchised and managed properties in the consolidated statements of income. For the year ended December 31, 2024, the net recoveries from adverse franchise agreement activity, including terminations and significant delinquencies in construction or invoice payments, was \$0.4 million which is recognized in selling, general and administrative expenses and other expenses from franchised and managed properties in the consolidated statements of income. For the years ended December 31, 2023 and 2022, the net impairments from adverse franchise agreement activity, including terminations and significant delinquencies in construction or invoice payments, were \$7.3 million and \$2.5 million, respectively, which are recognized in selling, general and administrative expenses and other expenses from franchised and managed properties in the consolidated statements of income.

Other Revenues

During the year ended December 31, 2022, other revenues included contract termination fee revenue of \$22.7 million from the exit of 110 WoodSpring units in September 2022. The contract termination fee revenue consisted of \$67.4 million in consideration received, less the \$44.7 million in intangible assets that were initially recognized on the date of the WoodSpring acquisition.

3. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

(in thousands)	December 31,	
	2024	2023
Prepaid expenses	\$ 36,591	\$ 34,669
Other current assets	4,726	4,162
Total prepaid expenses and other current assets	<u>\$ 41,317</u>	<u>\$ 38,831</u>

4. Receivables and Allowance for Credit Losses

Notes Receivable

The Company has provided financing in the form of notes receivable loans to franchisees in order to support the development of hotel properties in strategic markets. The Company's credit quality indicator is the level of security in the note receivable.

The following table summarizes the composition of the notes receivable balances by credit quality indicator and the allowance for credit losses:

(in thousands)	December 31,	
	2024	2023
Senior	\$ 94,963	\$ 85,919
Subordinated	15,433	17,004
Unsecured	5,118	5,359
Total notes receivable	115,514	108,282
Less: allowance for credit losses	7,331	8,616
Total notes receivable, net of allowance for credit losses	\$ 108,183	\$ 99,666
Current portion, net of allowance for credit losses	\$ 75,501	\$ 20,766
Long-term portion, net of allowance for credit losses	\$ 32,682	\$ 78,900

The following table summarizes the amortized cost basis of the notes receivable by the year of origination and credit quality indicator:

(in thousands)	2024	2023	2022	2021	2020	Prior	Total
Senior	\$ 38,205	\$ —	\$ —	\$ —	\$ —	\$ 56,758	\$ 94,963
Subordinated	—	3,499	—	—	—	11,934	15,433
Unsecured	113	—	69	1,145	761	3,030	5,118
Total notes receivable	\$ 38,318	\$ 3,499	\$ 69	\$ 1,145	\$ 761	\$ 71,722	\$ 115,514

The following table summarizes the activity related to the Company's notes receivable allowance for credit losses:

(in thousands)	December 31,	
	2024	2023
Beginning balance	\$ 8,616	\$ 10,172
(Reversal) provision for credit losses	(609)	763
Recoveries	(676)	(2,319)
Ending balance	\$ 7,331	\$ 8,616

During the years ended December 31, 2024 and 2023, the recoveries were primarily associated with cash collections pursuant to a settlement agreement with a borrower.

As of December 31, 2024 and December 31, 2023, one note receivable loan with a senior credit quality indicator met the definition of collateral-dependent and is collateralized by the membership interests in the borrowing entities and the associated land parcel. The Company used a market approach that uses quoted market prices to value the underlying collateral. The Company reviewed the borrower's financial statements, economic trends, industry projections for the market, and comparable sales capitalization rates, which represent significant inputs to the cash flow projections. These nonrecurring fair value measurements are classified as Level 3 in the fair value measurement hierarchy because they are unobservable inputs which are significant to the overall fair value. Based on the Company's analysis, the fair value of the collateral secures substantially all of the carrying value of the respective note receivable loan. The allowance for credit losses attributable to the collateral-dependent note receivable loan was \$2.2 million as of December 31, 2024 and 2023.

The following table summarizes the past due balances by credit quality indicator of the notes receivable:

(in thousands)	1-30 days Past Due	31-89 days Past Due	> 90 days Past Due	Total Past Due	Current	Total Notes Receivable
As of December 31, 2024						
Senior	\$ —	\$ —	\$ 15,200	\$ 15,200	\$ 79,763	\$ 94,963
Subordinated	—	—	2,264	2,264	13,169	15,433
Unsecured	—	—	784	784	4,334	5,118
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 18,248</u>	<u>\$ 18,248</u>	<u>\$ 97,266</u>	<u>\$ 115,514</u>
As of December 31, 2023						
Senior	\$ —	\$ —	\$ 15,200	\$ 15,200	\$ 70,719	\$ 85,919
Subordinated	—	2,936	—	2,936	14,068	17,004
Unsecured	—	—	400	400	4,959	5,359
	<u>\$ —</u>	<u>\$ 2,936</u>	<u>\$ 15,600</u>	<u>\$ 18,536</u>	<u>\$ 89,746</u>	<u>\$ 108,282</u>

The amortized cost basis of the notes receivable in a non-accrual status was \$17.5 million and \$15.9 million as of December 31, 2024 and 2023, respectively.

Variable Interest through Notes Receivable

The Company has issued notes receivable loans to certain entities that have created variable interests in the associated borrowers totaling \$103.1 million and \$95.1 million as of December 31, 2024 and 2023, respectively. The Company has determined that it is not the primary beneficiary of these variable interest entities ("VIEs"). For the collateral-dependent loans, the Company has no exposure to the borrowing VIE beyond the respective note receivable and the limited commitments which are addressed in Note 23.

Accounts Receivable

Accounts receivable consists primarily of franchise and related fees due from the hotel franchisees and are recorded at the invoiced amount.

During the year ended December 31, 2024, the Company recognized provisions for credit losses on accounts receivable of \$11.0 million in selling, general and administrative expenses, and \$9.7 million in other expenses from franchised and managed properties, in the consolidated statements of income. During the year ended December 31, 2023, the Company recognized provisions for credit losses on accounts receivable of \$7.5 million in selling, general and administrative expenses, and \$9.0 million in other expenses from franchised and managed properties, in the consolidated statements of income. For the years ended December 31, 2024 and 2023, the Company recorded write-offs, net of recoveries, through the accounts receivable allowance for credit losses of \$14.4 million and \$0.6 million, respectively.

5. Property and Equipment

The components of property and equipment were the following:

(in thousands)	December 31,	
	2024	2023
Land and land improvements	\$ 51,045	\$ 44,978
Construction in progress and software under development	151,756	98,310
Computer equipment and software	105,196	261,287
Buildings and leasehold improvements	354,689	305,485
Furniture, fixtures, vehicles and equipment	67,562	63,917
Property and equipment	730,248	773,977
Less: Accumulated depreciation and amortization	(125,903)	(280,499)
Property and equipment, net	<u>\$ 604,345</u>	<u>\$ 493,478</u>

For the years ended December 31, 2024, 2023, and 2022, the Company recognized depreciation and amortization expense of \$23.0 million, \$20.9 million, and \$14.5 million, respectively, in depreciation and amortization in the consolidated statements of income. Additionally, for the years ended December 31, 2024, 2023, and 2022, the Company recognized depreciation and

amortization expense of \$25.6 million, \$32.2 million, and \$29.4 million, respectively, in other expenses from franchised and managed properties in the consolidated statements of income.

For the years ended December 31, 2024, 2023, and 2022, the Company recognized amortization of capitalized software development costs of \$22.8 million, \$30.3 million, and \$26.6 million, respectively, which are included in the total depreciation and amortization expense amounts that are disclosed in the paragraph above. As of December 31, 2024 and 2023, unamortized capitalized software development costs were \$65.3 million and \$50.3 million, respectively.

6. Goodwill, Impairment of Assets, and Sale of Business and Assets

Goodwill

The following table summarizes the carrying amount of the Company's goodwill:

(in thousands)	December 31,	
	2024	2023
Goodwill	\$ 227,765	\$ 226,231
Goodwill arising from the Radisson Hotels Americas acquisition	—	1,534
Total goodwill, gross carrying amount	227,765	227,765
Accumulated impairment losses	(7,578)	(7,578)
Goodwill, net carrying amount	\$ 220,187	\$ 220,187

As of December 31, 2024 and 2023, goodwill is entirely attributable to the Hotel Franchising reporting unit. The Company assessed the qualitative factors attributable to the Hotel Franchising reporting unit and determined that it is not more likely than not that the fair value of the reporting unit is less than its carrying amount. The Hotel Franchising reporting unit is included in the Hotel Franchising & Management reportable segment in Note 20.

Long-lived Asset Group Impairments

Legacy Radisson Corporate Office Lease

On October 12, 2023, the Company executed an agreement to sublease the legacy Radisson corporate office space in Minneapolis, Minnesota. As a result of the intended change of use, the Company determined the assets associated with the legacy Radisson corporate office space represent their own long-lived asset group, inclusive of the head lease right-of-use asset and leasehold improvements, with a carrying value of \$9.5 million. The legacy Radisson corporate office space long-lived asset group was determined to be impaired due to the carrying value exceeding its fair value, which resulted in the recognition of a \$3.4 million impairment loss, which is presented in impairments of long-lived assets in the consolidated statements of income and the Corporate & Other segment in Note 20. This nonrecurring fair value measurement, which is based on a discounted cash flows analysis, is classified as Level 3 in the fair value measurement hierarchy because there are unobservable inputs which are significant to the overall fair value.

Real Estate Asset Sales

During the year ended December 31, 2022, four separately owned Cambria hotel assets or land parcels met the held for sale classification and the Company completed the sale transactions to third-party franchisees, which resulted in the derecognition of the assets from the consolidated balance sheets. During the year ended December 31, 2022, the Company recognized a gain on sale of business and assets, net for the four sale transactions of \$16.2 million in the Corporate & Other segment.

7. Intangible Assets

The components of the Company's intangible assets were the following:

(in thousands)	As of December 31, 2024			As of December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Franchise Rights ⁽¹⁾	\$ 278,956	\$ 67,620	\$ 211,336	\$ 354,735	\$ 123,845	\$ 230,890
Franchise Agreement Acquisition Costs ⁽²⁾	548,544	128,932	419,612	424,695	98,103	326,592
Trademarks & Other ⁽³⁾	12,444	6,414	6,030	19,876	13,721	6,155
Capitalized SaaS Licenses ⁽⁴⁾	6,392	6,071	321	17,397	16,673	724
Total amortizing intangible assets	846,336	209,037	637,299	816,703	252,342	564,361
Trademarks (non-amortizing) ⁽⁵⁾	246,714	—	246,714	246,714	—	246,714
Total intangible assets	\$ 1,093,050	\$ 209,037	\$ 884,013	\$ 1,063,417	\$ 252,342	\$ 811,075

- (1) Represents the purchase price assigned to long-term franchise contracts. The unamortized balance relates primarily to the franchise rights established from the Radisson Hotels Americas Transaction, as well as the active WoodSpring franchise rights since the acquisition. The franchise rights are being amortized over useful lives ranging from 12 to 15 years on a straight-line basis.
- (2) Represents certain payments to customers as an incentive to enter into new franchise agreements, which are amortized as a reduction to royalty, licensing and management fees and other revenues from franchised and managed properties in the consolidated statements of income over useful lives generally ranging from 10 to 30 years on a straight-line basis commencing at hotel opening. The gross and accumulated amortization amounts are written off upon full amortization recognition, including the termination of an associated franchise agreement.
- (3) Represents definite-lived trademarks and other amortizing assets, including management agreements, which are generally amortized on a straight-line basis over a period of 10 years to 30 years.
- (4) Represents software licenses that have been capitalized under a SaaS agreement, which are generally amortized on a straight-line basis over an average period of 3 years.
- (5) Represents the purchase price assigned to the Radisson, WoodSpring, and Suburban trademarks that were recognized at the time of their respective acquisitions. The trademarks are non-amortizing assets because they are expected to generate future cash flows for an indefinite period of time.

For the years ended December 31, 2024, 2023, and 2022, amortization on the amortizing intangible assets was \$50.9 million, \$42.5 million, and \$35.1 million, respectively.

The estimated annual amortization on the amortizing intangible assets for each of the next five years is as follows:

(in thousands)	
2025	\$ 48,894
2026	\$ 47,947
2027	\$ 47,012
2028	\$ 45,328
2029	\$ 44,127

8. Investments in Affiliates

The Company has equity method investments in affiliates primarily related to the Company's program to offer equity support to qualified franchisees to develop and operate Cambria Hotels and Everhome Suites in strategic markets.

As of December 31, 2024 and 2023, the Company had total investments in affiliates in the consolidated balance sheets of \$117.0 million and \$70.6 million, respectively, which included investments in affiliates that represent VIEs of \$104.2 million and \$59.4 million, respectively. The Company has determined that it is not the primary beneficiary of any of these VIEs, however the Company does exercise significant influence through its equity ownership and as a result, the investments in these affiliates are accounted for under the equity method of accounting. During the years ended December 31, 2024, 2023, and 2022, the Company recognized gains of \$6.9 million, and losses of \$3.4 million and \$3.7 million, respectively, from these investments that represent VIEs. The Company's maximum exposure to losses related to its investments in the VIEs is limited to the total of its respective equity investment as well as certain limited payment guaranties, which are described in Note 23 to these consolidated financial statements.

During the years ended December 31, 2024 and 2023, the Company recognized no impairment charges related to its equity method investments. During the year ended December 31, 2022, the Company recognized impairment charges of \$0.2 million related to certain equity method investments. The Company estimated the fair value of each investment on an individual basis and derived the fair value from a combination of observable prices from offers received for either the underlying collateral or the ownership interest of the unconsolidated affiliate, comparable market transactions, and DCF techniques to project the cash

flows for the investment based upon the underlying property. There are judgments and assumptions in each of these fair value determinations, including our selection of comparable market transactions, the amount and timing of the expected future cash flows, long-term growth rates, and sales capitalization rates. These nonrecurring fair value measurements are classified as level three in the fair value measurement hierarchy, as the Company utilized unobservable inputs which are significant to the overall fair value. Based on these analyses, in each case, the Company determined that the fair value declined below the carrying value and the decline is other-than-temporary. As a result, the Company recognized an impairment charge equal to the difference between the carrying value and the estimated fair value for each investment.

During the year ended December 31, 2024, the Company received distributions from the sale of affiliates of \$15.9 million and recognized net gains of \$7.2 million, which was recognized in equity in net gain of affiliates in the consolidated statements of income. During the year ended December 31, 2023, the Company received distributions of \$0.9 million which resulted in no net gains (losses). During the year ended December 31, 2022, the Company received no distributions and therefore recognized no net gains (losses).

The Company's ownership interests in its affiliates were as follows:

	Ownership Interest	
	December 31, 2024	December 31, 2023
Choice Hotels Canada, Inc. ⁽¹⁾	50 %	50 %
Main Street WP Hotel Associates, LLC	50 %	50 %
CS Hotel West Orange, LLC	50 %	50 %
City Market Hotel Development, LLC ⁽²⁾	— %	43 %
926 James M. Wood Boulevard, LLC	75 %	75 %
EH Glendale JV, LLC	80 %	80 %
CS Lakeside Santa Clara LLC	50 %	50 %
BL 219 Holdco, LP	50 %	50 %
Integrated 32 West Randolph, LLC	20 %	20 %
EH Nampa JV LLC	80 %	80 %
Radisson Hotel La Crosse ⁽¹⁾	14 %	14 %
EH Cheyenne JV, LLC	80 %	80 %
EH Waco JV, LLC	80 %	80 %
EH Amarillo JV, LLC	80 %	80 %
EH Yuma JV, LLC	80 %	80 %
EH El Paso JV, LLC	80 %	80 %
EH Brownsville JV, LLC	80 %	80 %
EH Wichita JV, LLC	80 %	— %
CH East Avenue, LLC	65 %	— %
EH Salem JV, LLC	80 %	— %
EH Clarksville JV, LLC	80 %	— %

(1) Non-VIE investments.

(2) During the year ended December 31, 2024, the Company received a liquidating distribution as a result of the affiliate selling its underlying assets.

The following tables present summarized financial information for all of the unconsolidated joint ventures in which the Company holds an investment in affiliate that is accounted for under the equity method of accounting:

(in thousands)	Year Ended December 31,		
	2024	2023	2022
Revenues	\$ 65,732	\$ 65,634	\$ 58,821
Operating income	\$ 14,199	\$ 12,504	\$ 7,977
(Loss) income before income taxes	\$ (1,203)	\$ 314	\$ 1,837
Net loss	\$ (3,488)	\$ (1,255)	\$ (1,058)

(in thousands)	As of December 31,	
	2024	2023
Current assets	\$ 71,737	\$ 63,397
Non-current assets	412,269	269,693
Total assets	\$ 484,006	\$ 333,090
Current liabilities	\$ 84,966	\$ 63,526
Non-current liabilities	257,130	177,451
Total liabilities	\$ 342,096	\$ 240,977

9. Other Assets

Other assets consisted of the following:

(in thousands)	December 31,	
	2024	2023
Land and buildings	\$ 20,303	\$ 20,303
Capitalized franchise sales commissions	59,450	58,611
Other assets	14,083	14,375
Total other assets	\$ 93,836	\$ 93,289

The land and buildings presented as other assets in the consolidated balance sheets represent real estate that the Company does not intend to progress to active construction and development.

10. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

(in thousands)	December 31,	
	2024	2023
Accrued compensation and benefits	\$ 55,806	\$ 51,385
Accrued interest	27,333	10,606
Dividends payable	13,888	14,902
Termination benefits	5,944	5,252
Income taxes payable	10,405	6,954
Current operating lease liabilities	5,367	4,238
Other liabilities	17,986	15,911
Total accrued expenses and other current liabilities	\$ 136,729	\$ 109,248

11. Deferred Revenue

Deferred revenue consisted of the following:

(in thousands)	December 31,	
	2024	2023
Initial franchise fees	\$ 111,240	\$ 128,935
Loyalty program	110,371	98,225
System implementation fees	3,601	3,912
Procurement services fees	3,882	7,963
Other	5,279	2,782
Total deferred revenue	\$ 234,373	\$ 241,817
Current portion	\$ 102,114	\$ 108,316
Long-term portion	\$ 132,259	\$ 133,501

Refer to Note 2 for the revenue recognition policies resulting in the deferral of revenue, including the relationship between the loyalty program deferred revenue and the liability for the guest loyalty program.

12. Debt

Debt consisted of the following:

	December 31,	
	2024	2023
	(in thousands)	
\$400 million senior unsecured notes due 2029 ("2019 Senior Notes") with an effective interest rate of 3.88%, less a discount and deferred issuance costs of \$3.0 million and \$3.6 million at December 31, 2024 and December 31, 2023, respectively	\$ 397,042	\$ 396,440
\$450 million senior unsecured notes due 2031 ("2020 Senior Notes") with an effective interest rate of 3.86%, less a discount and deferred issuance costs of \$3.7 million and \$4.3 million at December 31, 2024 and December 31, 2023, respectively	446,300	445,690
\$600 million senior unsecured notes due 2034 ("2024 Senior Notes") with an effective interest rate of 6.11%, less a discount and deferred issuance costs of \$11.2 million at December 31, 2024	588,764	—
\$500 million unsecured term loan due 2024 ("2023 Term Loan") with an effective interest rate of 6.83%, less a discount and deferred issuance costs of \$0.7 million at December 31, 2023	—	499,268
\$1 billion senior unsecured revolving credit facility with an effective interest rate of 6.10%, less deferred issuance costs of \$3.6 million and \$1.9 million at December 31, 2024 and December 31, 2023, respectively	336,420	226,621
Total debt	\$ 1,768,526	\$ 1,568,019
Less: current portion	—	499,268
Total long-term debt	\$ 1,768,526	\$ 1,068,751

As of December 31, 2024, the scheduled principal maturities of debt, net of unamortized discounts, premiums, and deferred issuance costs, were as follows:

(in thousands)	Senior Notes	Revolving Credit Facility	Total
2025	\$ —	\$ —	\$ —
2026	—	—	—
2027	—	—	—
2028	—	—	—
2029	397,042	336,420	733,462
Thereafter	1,035,064	—	1,035,064
Total payments	\$ 1,432,106	\$ 336,420	\$ 1,768,526

Senior Unsecured Revolving Credit Facility

On June 28, 2024, the Company entered into a Second Amended and Restated Senior Unsecured Credit Agreement (the "Restated Credit Agreement"), which amended and restated the Company's existing amended and restated senior unsecured credit agreement dated August 20, 2018 (the "Former Credit Agreement"). The Former Credit Agreement provided for an \$850 million unsecured revolving credit facility (the "Revolver") with a final maturity date of August 20, 2026. The Restated Credit Agreement increased the commitments under the Revolver to \$1 billion and extended the final maturity date of the Revolver to June 28, 2029, subject to optional one-year extensions that can be requested by the Company prior to each of the third, fourth, and fifth anniversaries of the closing date of the Restated Credit Agreement. The effectiveness of such extension is subject to the consent of the lenders under the Restated Credit Agreement and certain customary conditions. The Restated Credit Agreement also provides that up to \$50 million of borrowings under the Revolver may be used for alternative currency loans, up to \$10 million of capacity under the Revolver may be used for the issuance of letters of credit, and up to \$25 million of borrowings under the Revolver may be used for swingline loans. The Company may from time to time designate one or more wholly-owned subsidiaries of the Company as additional borrowers under the Restated Credit Agreement, subject to the consent of the lenders and certain customary conditions. At any time prior to the final maturity date, the Company may increase the amount of the Revolver or add one or more term loan facilities under the Restated Credit Agreement by up to an additional \$500 million in the aggregate to the extent that any one or more lenders commit to being a lender for the additional amount of such increase or the term loan facility and certain other customary conditions are met.

2024 Senior Unsecured Notes Due 2034

On July 2, 2024, the Company issued unsecured senior notes with a principal amount of \$600 million (the "2024 Senior Notes") at a discount of \$6.4 million, bearing a coupon of 5.85%, with an effective rate of 6.11%, and mature on August 1, 2034. Interest on the 2024 Senior Notes is payable semi-annually on February 1st and August 1st of each year, commencing on February 1, 2025. The interest rate payable on the 2024 Senior Notes will be subject to adjustment based on certain rating events.

2023 Term Loan Due 2024

On December 18, 2023, the Company entered into a \$500 million unsecured term loan with a maturity date of December 16, 2024 (the "2023 Term Loan"). The 2023 Term Loan and all accrued but unpaid interest must be repaid in full on the maturity date. On July 2, 2024, the Company used a portion of the net proceeds from the sale of the 2024 Senior Notes, after deducting underwriting discounts and commissions and other offering expenses, to repay in full the 2023 Term Loan.

13. Non-Qualified Retirement, Savings, and Investment Plans

The Company sponsors two non-qualified retirement savings and investment plans for certain employees and senior executives. Employee and Company contributions are maintained in separate irrevocable trusts. Legally, the assets of the trusts remain those of the Company; however, access to the trusts' assets is severely restricted. The trusts cannot be revoked by the Company or an acquirer, but the assets are subject to the claims of the Company's general creditors. The participants do not have the right to assign or transfer contractual rights in the trusts.

In 2002, the Company adopted the Choice Hotels International, Inc. Executive Deferred Compensation Plan ("EDCP") which became effective on January 1, 2003. Under the EDCP, certain executive officers may defer a portion of their salary into an irrevocable trust and invest these amounts in a selection of available diversified investment options. In 1997, the Company adopted the Choice Hotels International, Inc. Non-Qualified Retirement Savings and Investment Plan ("Non-Qualified Plan"). The Non-Qualified Plan allows certain employees who do not participate in the EDCP to defer a portion of their salary and invest these amounts in a selection of available diversified investment options. Under the EDCP and the Non-Qualified Plan (together, the "Deferred Compensation Plan"), the Company recognized current and long-term deferred compensation and retirement plan liabilities of \$55.0 million and \$47.5 million as of December 31, 2024 and 2023, respectively, related to the deferrals and the credited investment returns under these two deferred compensation plans. Compensation expense or benefit is recognized in selling, general and administrative expenses in the consolidated statements of income based on the change in the deferred compensation and retirement plan obligations related to the earnings credited to the participants as well as the changes in the fair value of the diversified investments. For the years ended December 31, 2024 and 2023, the Company recognized compensation expense of \$8.2 million and \$7.0 million, respectively, in selling, general and administrative expenses in the consolidated statements of income. For the year ended December 31, 2022, the Company recognized compensation benefit of \$5.3 million in selling, general and administrative expenses in the consolidated statements of income.

14. Fair Value Measurements

The Company estimates the fair value of its financial instruments utilizing a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The following summarizes the three levels of inputs, as well as the assets that the Company values using those levels of inputs on a recurring basis.

Level 1 - Quoted prices in active markets for identical assets and liabilities. The Company's Level 1 assets consist of equity securities and mutual funds held in the Company's Deferred Compensation Plan.

Level 2 - Observable inputs, other than quoted prices in active markets for identical assets and liabilities, such as quoted prices for similar assets and liabilities, quoted prices in markets that are not active, or other inputs that are observable. The Company's Level 2 assets consist of money market funds held in the Company's Deferred Compensation Plan.

Level 3 - Unobservable inputs, supported by little or no market data available, where the reporting entity is required to develop its own assumptions to determine the fair value of the instrument. The Company does not currently have any assets recorded at fair value on a recurring basis whose fair value was determined using Level 3 inputs and there were no transfers of Level 3 assets during the years ended December 31, 2024 and 2023.

The Company recognized the following assets at fair value on a recurring basis in the consolidated balance sheets:

(in thousands)	Fair Value Measurements at Reporting Date Using			
	Total	Level 1	Level 2	Level 3
As of December 31, 2024				
Equity securities	\$ —	\$ —	\$ —	\$ —
Mutual funds ⁽¹⁾	43,887	43,887	—	—
Money market funds ⁽¹⁾	5,439	—	5,439	—
Total	\$ 49,326	\$ 43,887	\$ 5,439	\$ —
As of December 31, 2023				
Equity securities	\$ 116,374	\$ 116,374	\$ —	\$ —
Mutual funds ⁽¹⁾	36,810	36,810	—	—
Money market funds ⁽¹⁾	4,767	—	4,767	—
Total	\$ 157,951	\$ 153,184	\$ 4,767	\$ —

(1) The current assets at fair value noted above are presented in prepaid expenses and other current assets in the consolidated balance sheets. The long-term assets at fair value noted above are presented in investments for employee benefit plans, at fair value in the consolidated balance sheets.

Investments in Equity Securities

For the year ended December 31, 2024, the Company sold approximately 1.4 million shares of equity securities of another issuer for \$108.1 million and recognized a net loss of \$8.3 million on the sales of equity securities. The following table is a summary of the unrealized gains and losses of the investments in equity securities:

(in thousands)	As of December 31, 2024				As of December 31, 2023			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Equity Securities	\$ —	\$ —	\$ —	\$ —	\$ 112,420	\$ 3,954	\$ —	\$ 116,374

Other Financial Instruments Disclosure

The Company believes that the fair values of its current assets and current liabilities approximate their reported carrying amounts due to the short-term nature of these items. In addition, the interest rate on the senior unsecured revolving credit facility adjusts frequently based on current market interest rates; therefore, the Company believes the carrying amount approximates the fair value.

The fair values of the Company's senior unsecured notes are classified as Level 2 because the significant inputs are observable in an active market. Refer to Note 12 for additional information on debt. As of December 31, 2024 and 2023, the carrying amounts and the fair values were as follows:

(in thousands)	December 31, 2024		December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
2019 Senior Notes Due 2029	\$ 397,042	\$ 371,600	\$ 396,440	\$ 355,068
2020 Senior Notes Due 2031	\$ 446,300	\$ 405,351	\$ 445,690	\$ 389,241
2024 Senior Notes Due 2034	\$ 588,764	\$ 601,836	\$ —	\$ —

The fair value estimates are determined at a specific point in time, are subjective in nature, and involve uncertainties and matters of significant judgment. The settlement of such fair value amounts may not be possible or a prudent management decision.

15. Income Taxes

The Company's income before income taxes, classified by source of income, was as follows:

(in thousands)	Year Ended December 31,		
	2024	2023	2022
U.S.	\$ 370,395	\$ 303,337	\$ 409,666
Outside the U.S.	25,250	33,619	27,140
Income before income taxes	\$ 395,645	\$ 336,956	\$ 436,806

The provision for income taxes, classified by the timing and the location of payment, was as follows:

(in thousands)	Year Ended December 31,		
	2024	2023	2022
Current tax expense			
Federal	\$ 89,716	\$ 60,493	\$ 103,275
State	21,518	16,890	20,068
Foreign	2,609	1,593	2,331
Deferred tax (benefit) expense			
Federal	(18,378)	(2,022)	(18,974)
State	(2,908)	(1,874)	(4,163)
Foreign	3,423	3,369	2,117
Income tax expense	\$ 95,980	\$ 78,449	\$ 104,654

The net deferred tax assets were as follows:

(in thousands)	December 31,	
	2024	2023
Deferred tax assets:		
Accrued compensation	\$ 20,958	\$ 18,325
Deferred revenue	40,946	30,007
Receivable, net	12,345	12,460
Tax credits	24,663	19,194
Operating lease liabilities	28,455	28,673
Partnership interests	5,130	5,516
Capitalized research and experimental expenditures	44,946	30,781
Foreign net operating losses	7,870	7,564
Non-U.S. intellectual property	11,333	15,149
Other	7,235	6,588
Total gross deferred tax assets	203,881	174,257
Less: Valuation allowance	(29,660)	(24,228)
Deferred tax assets	\$ 174,221	\$ 150,029
Deferred tax liabilities:		
Property, equipment and intangible assets	\$ (42,895)	\$ (36,386)
Operating lease ROU assets	(20,016)	(21,379)
Other	(3,002)	(2,729)
Deferred tax liabilities	(65,913)	(60,494)
Net deferred tax assets	\$ 108,308	\$ 89,535

The Company assesses all positive and negative evidence to estimate whether sufficient future taxable income will be generated to use its deferred tax assets. Based on this evaluation, the Company recorded a net change to its valuation allowance of \$5.4 million due to state tax credits.

The Company has \$24.7 million of state income tax credit carryforwards. It is unlikely that the Company will realize these benefits. Accordingly, the Company has provided a full valuation allowance against these carryforwards.

As of December 31, 2024, the Company had gross foreign net operating losses ("NOLs") of \$29.3 million, all of which have indefinite carryforward lives. The Company has recorded a tax-effected valuation allowance of \$1.8 million for these NOLs, primarily related to France and India. In addition, the Company has a Dutch deferred tax asset of \$11.3 million, for which it has recorded a valuation allowance of \$3.0 million. The Dutch valuation allowance did not change during the year ended December 31, 2024.

The following table presents a reconciliation of the statutory United States federal income tax rate to the effective income tax rate for continuing operations:

	Year Ended December 31,		
	2024	2023	2022
Statutory U.S. federal income tax rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal tax benefit	3.5 %	3.2 %	3.0 %
Expenses related to foreign operations	0.7 %	0.3 %	0.1 %
Expenses related to compensation, net	1.3 %	1.0 %	1.0 %
Unrecognized tax positions	(0.8)%	0.5 %	0.2 %
Tax credits	(2.4)%	(2.4)%	(1.5)%
Valuation allowance	0.6 %	0.6 %	0.5 %
Other	0.4 %	(0.9)%	(0.3)%
Effective income tax rate	24.3 %	23.3 %	24.0 %

The Company's effective income tax rates from continuing operations were 24.3%, 23.3%, and 24.0% for the years ended December 31, 2024, 2023, and 2022, respectively.

The effective income tax rates for the years ended December 31, 2024, 2023, and 2022 were higher than the U.S. federal income tax rate of 21.0% primarily due to the impact of state income taxes and tax expense related to compensation, partially offset by federal income tax credits.

For the years ended December 31, 2024, 2023, and 2022, the Company's gross unrecognized tax benefits totaled \$6.9 million, \$13.4 million, and \$11.9 million, respectively. After considering the deferred income tax accounting impact, it is expected that approximately \$4.6 million of the total as of December 31, 2024 would reduce the effective income tax rate if resolved in the Company's favor.

The following table presents a reconciliation of the beginning and ending amounts of the unrecognized tax benefits:

(in thousands)	2024	2023	2022
Balance, January 1	\$ 13,434	\$ 11,876	\$ 11,147
Changes for tax positions of prior years	(776)	2,338	(31)
Increases for tax positions related to the current year	1,516	1,670	1,650
Settlements and lapsing of statutes of limitations	(7,260)	(2,450)	(890)
Balance, December 31	\$ 6,914	\$ 13,434	\$ 11,876

It is reasonably possible that the Company's unrecognized tax benefits could decrease within the next 12 months by as much as \$2.6 million due to settlements and the expiration of applicable statutes of limitations. The Company's federal income tax returns for the 2021, 2022, 2023, and 2024 tax years are subject to examination by the Internal Revenue Service.

The Company's policy is to recognize interest and penalties related to income tax matters in the provision for income taxes. The Company did not incur any material interest or penalties during the years ended December 31, 2024, 2023, and 2022. The Company had \$0.3 million and \$0.1 million of accrued interest and penalties as of December 31, 2024 and 2023, respectively.

16. Share-Based Compensation and Capital Stock

Share-Based Compensation

The Company has stock compensation plans pursuant to which it is authorized to grant share-based awards, including restricted stock, stock options, stock appreciation rights, and performance-based share awards, to officers, key employees, and non-employee directors with contractual terms that are set by the Compensation and Management Development Committee of the Board of Directors. Approximately 1.1 million shares of the Company's common stock remain available for grant as of December 31, 2024. The Company's policy allows the issuance of new common stock shares or treasury shares to satisfy the share-based awards.

For the year ended December 31, 2024, the following table presents a summary of the share-based award activity:

	2024						
	Stock Options			Restricted Stock		Performance Vested Restricted Stock Units	
	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Outstanding as of January 1, 2024	943,641	\$ 102.90		361,668	\$ 136.05	458,495	\$ 136.14
Granted	78,988	111.94		69,249	115.57	147,943	115.04
Performance-based leveraging*	—	—		—	—	31,468	116.43
Exercised/vested	(249,059)	80.03		(59,266)	111.50	(146,675)	107.54
Expired	—	—		—	—	(8,028)	108.79
Forfeited	(1,929)	126.23		(16,246)	124.09	(15,682)	131.59
Outstanding as of December 31, 2024	771,641	\$ 111.15	6.2 years	355,405	\$ 136.67	467,521	\$ 137.74
Options exercisable as of December 31, 2024	481,522	\$ 104.67	5.3 years				

* The outstanding PVRUs have been adjusted by 31,468 net units during the year ended December 31, 2024, due to an increase in the outstanding PVRUs as a result of the Company exceeding the targeted performance conditions.

The components of the Company's share-based compensation expense were as follows:

(in thousands)	For the Year Ended December 31,		
	2024	2023	2022
Stock options	\$ 5,265	\$ 5,816	\$ 4,674
Restricted stock	12,728	13,774	14,349
Performance vested restricted stock units	20,447	20,924	21,436
Total share-based compensation expense	\$ 38,440	\$ 40,514	\$ 40,459

The following table as of December 31, 2024 is a summary of the total unrecognized compensation expense related to the share-based awards that have not yet vested and the related weighted average remaining amortization periods over which the compensation expense will be recognized:

(in thousands)	Unrecognized Compensation Expense on Unvested Awards	Weighted Average Remaining Amortization Period
Stock options	\$ 5,708	1.8 years
Restricted stock	23,601	2.2 years
Performance vested restricted stock units	24,661	1.9 years
Total	\$ 53,970	

Stock Options

The following table is a summary of the activity related to the stock option grants:

	For the Year Ended December 31,		
	2024	2023	2022
Number of options granted	78,988	88,733	172,441
Fair value of options granted (in thousands)	\$ 3,069	\$ 3,779	\$ 7,356
Weighted average exercise price per share	\$ 111.94	\$ 102.90	\$ 94.97
Total intrinsic value of stock options exercised (in thousands)	\$ 12,185	\$ 9,170	\$ 5,390
Total fair value of stock options vested (in thousands)	\$ 5,032	\$ 4,857	\$ 3,591

The stock options granted by the Company had an exercise price equal to the market price of the Company's common stock on the date of grant. As of December 31, 2024, the aggregate intrinsic value of the stock options outstanding and exercisable was \$24.5 million and \$18.3 million, respectively.

The fair value of the options granted was estimated on the grant date using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2024	2023	2022
Risk-free interest rate	4.27 %	4.10 %	2.01 %
Expected volatility	31.34 %	30.90 %	29.46 %
Expected life of stock option	6.0 years	6.0 years	5.9 years
Dividend yield	1.03 %	0.90 %	0.66 %
Requisite service period	4 years	4 years	4 years
Contractual life	10 years	10 years	10 years
Weighted average fair value of the stock options granted (per stock option)	\$ 38.85	\$ 42.59	\$ 42.66

The expected life of the stock options and the expected volatility are based on historical data which is believed to be indicative of future exercise patterns and volatility. The historical volatility is calculated based on a period that corresponds to the expected life of the stock option. The dividend yield and the risk-free interest rate are calculated on the grant date based on the then-current dividend rate and the risk-free interest rate for the period corresponding to the expected life of the stock option.

Restricted Stock

The following table is a summary of the activity related to the restricted stock grants:

	For the Year Ended December 31,		
	2024	2023	2022
Restricted shares granted	69,249	65,991	273,777
Weighted average grant date fair value per share	\$ 115.57	\$ 123.65	\$ 143.76
Aggregate grant date fair value (in thousands)	\$ 8,003	\$ 8,160	\$ 39,357
Restricted shares forfeited	16,246	13,202	14,443
Vesting service period for the restricted shares granted	9 - 48 months	9 - 48 months	9 - 60 months
Fair value of the restricted shares vested (in thousands)	\$ 6,804	\$ 11,134	\$ 13,784

Performance Vested Restricted Stock Units

The following table is a summary of the activity related to the PVRSU grants:

	For the Years Ended December 31,		
	2024	2023	2022
PVRsUs granted at target	147,943	110,636	111,585
Weighted average grant date fair value per share	\$ 115.04	\$ 128.71	\$ 181.91
Aggregate grant date fair value (in thousands)	\$ 17,019	\$ 14,240	\$ 20,298
PVRsUs forfeited & expired	23,710	16,504	83,563
Requisite service period	9 - 48 months	9 - 48 months	9 - 60 months
Fair value of PVRsUs vested (in thousands)	\$ 15,773	\$ 17,413	\$ —

During the year ended December 31, 2024, the Company granted PVRsUs with performance conditions, PVRsUs with market conditions, and PVRsUs with performance and market conditions, with requisite service periods between 9 months and 48 months and with award vesting ranges generally between 0% and 230% of the initial units granted.

Share Repurchases and Redemptions

During the years ended December 31, 2024, 2023, and 2022, the Company redeemed 120,601, 114,242, and 36,120, respectively, shares of common stock at a total cost of approximately \$12.4 million, \$14.2 million, and \$5.4 million, respectively, from employees to satisfy the stock option exercise price and the statutory minimum tax-withholding requirements related to exercising stock options and the vesting of performance vested restricted stock units and restricted stock grants. These redemptions were outside of the share repurchase program.

17. Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss were as follows:

(in thousands)	December 31,		
	2024	2023	2022
Foreign currency translation adjustments	\$ (6,193)	\$ (5,671)	\$ (5,211)
Total accumulated other comprehensive loss	\$ (6,193)	\$ (5,671)	\$ (5,211)

The changes in accumulated other comprehensive loss, net of tax, were as follows:

(in thousands)	Year Ended December 31,	
	2024	2023
Beginning Balance	\$ (5,671)	\$ (5,211)
Foreign currency translation adjustments	(522)	(460)
Ending Balance	\$ (6,193)	\$ (5,671)

Other comprehensive loss, net of tax, for the years ended December 31, 2024 and 2023 relates entirely to foreign currency items. There were no amounts reclassified from accumulated other comprehensive loss during the years ended December 31, 2024 and 2023.

18. Earnings Per Share

The Company's shares of restricted stock contain rights to receive nonforfeitable dividends and thus are participating securities requiring the computation of basic earnings per share using the two-class method. The shares of restricted stock are both potential shares of common stock and participating securities so the Company calculates diluted earnings per share by using the more dilutive of the treasury stock method or the two-class method. The calculation of earnings per share for the net income available to common shareholders excludes the distribution of dividends and the undistributed earnings attributable to the participating securities from the numerator. The diluted earnings per share includes stock options, PVRsUs, and RSUs in the calculation of the weighted average shares of common stock outstanding.

The computation of basic and diluted earnings per share was as follows:

(in thousands, except per share amounts)	Year Ended December 31,		
	2024	2023	2022
Numerator:			
Net income	\$ 299,665	\$ 258,507	\$ 332,152
Income allocated to participating securities	(1,521)	(1,379)	(1,881)
Net income available to common shareholders	\$ 298,144	\$ 257,128	\$ 330,271
Denominator:			
Weighted average shares of common stock outstanding - basic	47,653	50,341	54,595
Basic earnings per share	\$ 6.26	\$ 5.11	\$ 6.05
Numerator:			
Net income	\$ 299,665	\$ 258,507	\$ 332,152
Income allocated to participating securities	(1,521)	(1,379)	(1,881)
Net income available to common shareholders	\$ 298,144	\$ 257,128	\$ 330,271
Denominator:			
Weighted average shares of common stock outstanding - basic	47,653	50,341	54,595
Dilutive effect of stock options, PVRsUs, and RSUs	425	359	526
Weighted average shares of common stock outstanding - diluted	48,078	50,700	55,121
Diluted earnings per share	\$ 6.20	\$ 5.07	\$ 5.99

The following securities have been excluded from the calculation of the diluted weighted average shares of common stock outstanding because the inclusion of these securities would have an anti-dilutive effect:

(in thousands)	Year Ended December 31,		
	2024	2023	2022
Stock options	147	232	153
PVRSUs	7	71	—

19. Leases

Lessee

The Company has operating leases for office spaces, buildings, and equipment. The Company's leases, excluding the assumed ground lease discussed below, have remaining lease terms of four months to ten years, some of which include options to extend the lease for up to ten years. Additionally, the Company has a ground lease on an owned hotel with a remaining lease term of 87.3 years.

The Company's lease costs were as follows:

(in thousands)	Year Ended December 31,	
	2024	2023
Operating lease cost	\$ 11,979	\$ 13,786
Sublease income	(789)	(234)
Total lease cost	\$ 11,190	\$ 13,552

Other information related to the Company's lease arrangements were as follows:

(in thousands)	Year Ended December 31,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 6,637	\$ 12,714
ROU assets obtained in exchange for lease liabilities in non-cash transactions:		
Operating lease assets obtained in exchange for operating lease liabilities	\$ 4,585	\$ 28,605
Weighted-average remaining lease term	31.7 years	33.1 years
Weighted-average discount rate	5.07 %	5.04 %

As of December 31, 2024, the future minimum lease payments were as follows:

(in thousands)	
2025	\$ 8,500
2026	12,863
2027	13,545
2028	13,572
2029	13,577
Thereafter	311,586
Total minimum lease payments	\$ 373,643
Less: imputed interest	255,021
Present value of the minimum lease payments	\$ 118,622

Office Lease

On September 26, 2023, the Company's principal executive office lease agreement commenced with an unrelated third-party for a lease term of approximately twelve years. The Company accounted for this lease as an operating lease and established a lease liability and a right-of-use asset of approximately \$41.9 million and \$28.6 million, respectively.

Sublease

In October 2023, the Company entered into a lease agreement with an unrelated third-party to sublease the legacy Radisson corporate office space in Minneapolis, Minnesota. The sublease term is approximately eight years and commenced during the first quarter of 2024. The Company re-evaluated the head lease upon the effectiveness of this sublease, which resulted in the Company recognizing a \$3.4 million impairment loss on certain long-lived assets associated with the leased office space in 2023. Refer to Note 6 for additional information.

Related Party Lease

The Company and the family members of the Company's largest shareholder entered into an agreement that allows those family members to lease the Company's aircraft from time to time for their personal use. The agreement provides for lease payments that contribute towards the fixed costs associated with the aircraft as well as a reimbursement of the Company's variable costs associated with operating the aircraft, in compliance with and to the extent authorized by applicable regulatory requirements. The terms of this lease agreement are consistent with the terms of other lease agreements that the Company has entered into with unrelated third parties for use of the aircraft. During both of the years ended December 31, 2024 and 2023, the Company received less than \$0.1 million pursuant to this related party lease arrangement.

20. Reportable Segment Information

The Hotel Franchising & Management reportable segment includes the Company's hotel franchising operations which consists of its 22 brands and brand extensions and the hotel management operations of 13 hotels (inclusive of four owned hotels). The 22 brands and brand extensions and hotel management operations are aggregated together within this reportable segment because they have similar economic characteristics, types of customers, distribution channels, and regulatory business environments. The revenues from the hotel franchising and management business include royalty fees, initial franchise fees and relicensing fees, cost reimbursement revenues, platform and procurement services fees revenue, base and incentive management fees, and other hotel franchising and management-related revenue. The Company provides certain services under its franchise and management agreements which result in direct and indirect reimbursements. The cost reimbursement revenues received from the franchisees are included in Hotel Franchising & Management revenues and are offset by the related expenses in order to calculate Hotel Franchising & Management operating income. The equity in the earnings or losses from the hotel franchising-related investment in affiliates is allocated to the Hotel Franchising & Management reportable segment.

The Company evaluates its Hotel Franchising & Management reportable segment based primarily on the operating income of the segment without allocating corporate expenses or indirect general and administrative expenses. The Corporate & Other column includes the operations of the Company's owned hotels.

Intersegment Eliminations to revenues is the elimination of Hotel Franchising & Management revenue which includes royalty fees, management and cost reimbursement fees charged to our owned hotels against the franchise and management fee expense that is recognized by our owned hotels in Corporate & Other operating income (loss).

Our President and Chief Executive Officer, who is our chief operating decision maker (CODM), utilizes budgeted and forecasted financial information as well as industry metrics, such as RevPar, Occupancy, and ADR, to assess the performance and to make resource allocation decisions. The CODM does not use assets by operating segment when assessing the performance or when making operating segment resource allocation decisions and therefore, assets by segment are not disclosed below.

The following tables presents the financial information for the Company's segments:

(in thousands)	For the Year Ended December 31, 2024			
	Hotel Franchising & Management	Corporate & Other	Intersegment Eliminations	Consolidated
Revenues	\$ 1,470,592	\$ 126,450	\$ (12,203)	\$ 1,584,839
Other Segment Items ⁽¹⁾	866,514	223,473	(12,203)	1,077,784
Depreciation and amortization	19,779	23,503	—	43,282
Operating income (loss)	584,299	(120,526)	—	463,773
Reconciliation of segment profit or loss:				
Interest expense				87,131
Interest income				(8,646)
Loss on extinguishment of debt				331
Other loss				1,641
Equity in net gain of affiliates				(12,329)
Income before income taxes				\$ 395,645

(in thousands)	For the Year Ended December 31, 2023			
	Hotel Franchising & Management	Corporate & Other	Intersegment Eliminations	Consolidated
Revenues	\$ 1,444,394	\$ 110,854	\$ (11,083)	\$ 1,544,165
Other Segment Items ⁽¹⁾	916,680	223,881	(11,083)	1,129,478
Depreciation and amortization	19,183	20,476	—	39,659
Operating income (loss)	508,531	(133,503)	—	375,028
Reconciliation of segment profit or loss:				
Interest expense				63,780
Interest income				(7,764)
Gain on extinguishment of debt				(4,416)
Other gain				(10,649)
Equity in net gain of affiliates				(2,879)
Income before income taxes				\$ 336,956

(in thousands)	For the Year Ended December 31, 2022			
	Hotel Franchising & Management	Corporate & Other	Intersegment Eliminations	Consolidated
Revenues	\$ 1,298,521	\$ 108,879	\$ (5,451)	\$ 1,401,949
Other Segment Items ⁽¹⁾	732,681	165,693	(5,451)	892,923
Depreciation and amortization	12,935	17,490	—	30,425
Operating income (loss)	552,905	(74,304)	—	478,601
Reconciliation of segment profit or loss:				
Interest expense				43,797
Interest income				(7,288)
Loss (gain) on extinguishment of debt				—
Other loss				7,018
Equity in net gain of affiliates				(1,732)
Income before income taxes				\$ 436,806

⁽¹⁾ Other segment items for the reportable segment include selling, general and administrative expenses and other expenses from franchised and managed properties.

The results of the Company's international operations are included in the Hotel Franchising & Management reportable segment and Corporate & Other. For the years ended December 31, 2024, 2023, and 2022, the revenues generated by the international operations, including royalty fees, cost reimbursable revenues, and other revenues, were \$102.7 million, \$103.2 million, and \$70.2 million, respectively.

21. Related Party Transactions

Transactions with the Company's Largest Shareholder

Effective October 15, 1997, Choice Hotels International, Inc., which included both a franchising business and an owned hotel business, separated the businesses via a spin-off into two companies: Sunburst Hospitality Corporation (referred to hereafter as "Sunburst") and the Company. Subsequent to the spin-off, the Company's largest shareholder retained significant ownership percentages in both Sunburst and the Company. As part of the spin-off, Sunburst and the Company entered into a strategic alliance agreement (as amended, the "Strategic Alliance Agreement"). Among other things, the Strategic Alliance Agreement provided for revised royalty and system fees and the determination of liquidated damages related to the termination of Choice-branded Sunburst properties. The liquidated damage provisions extend through the life of the existing Sunburst franchise agreements.

On June 5, 2019, the Strategic Alliance Agreement was terminated and replaced with addenda to each of the five hotels under a franchise at that time. The addenda preserve certain terms from the Strategic Alliance Agreement with respect to the five hotels, including the revised royalty and system fees and liquidated damage provisions, which would also apply to new franchise agreements signed for the five hotels (as either a renewal or a change to another Choice brand not contemplated at the time of the original agreement execution). No terms were substantially modified with respect to the five hotels under franchise. In June 2019, the Company and Sunburst entered into master development agreements, which provide Sunburst the geographic exclusivity in two specified regions for the development of five WoodSpring branded hotels. For the years ended December 31, 2024 and 2023, there were nine and three new franchise agreements signed between the Company and Sunburst and its affiliates, respectively. As of December 31, 2024, Sunburst and its affiliates operated seven hotels under franchise with the Company.

For the years ended December 31, 2024, 2023, and 2022, the total franchise fees revenues, including royalty fees and marketing and reservation system fees, paid by Sunburst and its affiliates to the Company included in the consolidated financial statements was \$1.8 million, \$0.9 million, and \$0.8 million, respectively. As of December 31, 2024, there was no outstanding accounts receivable due from Sunburst and its affiliates. As of December 31, 2023, accounts receivable due from Sunburst and its affiliates was approximately \$0.1 million.

In November 2023, the Company executed a 13-month office work space agreement, beginning December 1, 2023, for family members of the Company's largest shareholder. Pursuant to this arrangement, the Company made payments of \$96 thousand and \$18 thousand during the years ended December 31, 2024 and 2023, respectively, for full repayment under the arrangement. During 2024, the Company executed a 12-month extension of the agreement, beginning January 1, 2025. Pursuant to this arrangement, the Company made payments of \$10 thousand during the year ended December 31, 2024. As of December 31, 2024, the Company had \$102 thousand of remaining payments under this arrangement.

22. Transactions with Unconsolidated Affiliates

The Company has extended loans to various unconsolidated affiliates or members of our unconsolidated affiliates. The Company had a total principal balance on these loans of \$66.2 million and \$64.5 million as of December 31, 2024 and December 31, 2023, respectively. These loans mature at various dates and bear interest at fixed or variable rates.

The Company has management fee arrangements with certain of its unconsolidated affiliates. The fees earned and the payroll costs reimbursed under these arrangements totaled \$8.5 million, \$7.9 million, and \$2.4 million for the years ended December 31, 2024, 2023, and 2022, respectively.

The Company has entered into franchise agreements with certain of its unconsolidated affiliates. Pursuant to these franchise agreements, the Company recognized royalty fees and marketing and reservation system fees of approximately \$34.5 million, \$30.9 million, and \$27.2 million for the years ended December 31, 2024, 2023, and 2022, respectively.

The Company recognized \$9.5 million and \$4.9 million of gross accounts receivables in the consolidated balance sheets from these unconsolidated affiliates as of December 31, 2024 and 2023, respectively.

23. Commitments and Contingencies

The Company is not a party to any litigation other than litigation in the ordinary course of business. The Company's management and legal counsel do not expect that the ultimate outcome of any of its current legal proceedings, individually or in the aggregate, will have a material adverse effect on the Company's financial position, results of operations, or cash flows.

Contingencies

The Company entered into various limited payment guaranties with regards to the Company's VIEs in order to support their efforts to develop and own hotels that are franchised under the Company's brands. Under these limited payment guaranties, the Company has agreed to guarantee a portion of the outstanding debt until certain conditions are met, such as (a) the loan matures, (b) certain debt covenants are achieved, (c) the maximum amount guaranteed by the Company is paid in full, or (d) the Company, through its affiliates, ceases to be a member of the VIE. As of December 31, 2024, the maximum unrecorded exposure of the principal associated with these limited payment guaranties was \$30.1 million, plus unpaid expenses and accrued but unpaid interest. The Company believes the likelihood of having to perform under these guaranties is remote. In the event of performance, the Company has recourse for certain of the guaranties in the form of partial guaranties from third parties.

Commitments

The Company had the following outstanding commitments as of December 31, 2024:

- As part of the acquisition of Radisson Hotels Americas in August 2022, the Company entered into a long-term management arrangement, with an expiration date of July 31, 2031, to manage hotels owned by a third-party. As of December 31, 2024, the Company managed seven hotels pursuant to the long-term management arrangement. In conjunction with the management arrangement, the Company entered into a guarantee with the third-party to fund any shortfalls in the payment of the third-party owner's priority that is stipulated in the management agreement. The maximum guarantee under the agreement is \$22 million. The Company believes the future performance of the hotels is expected to be sufficient on both an annual basis and over the duration of the agreement. Accordingly, no liability was recognized as of December 31, 2024 in the consolidated balance sheets.
- The Company strategically deploys capital in the form of franchise agreement acquisition cost payments across our brands to incentivize franchise development. These payments are typically made at the commencement of construction or the hotel's opening, in accordance with agreed upon provisions in the individual franchise agreements. The timing and the amount of the franchise agreement acquisition cost payments are dependent on various factors, including the implementation of various development and brand incentive programs, the level of franchise sales, and the ability of our franchisees to complete construction or convert their hotels to one of the Company's brands.
- The Company has committed to provide financing in the form of loans or credit facilities to franchisees for brand development efforts. As of December 31, 2024, the Company had remaining commitments of up to \$6.2 million, if certain conditions are met.
- The Company's franchise agreements require the payment of franchise fees, which include marketing and reservation system fees. In accordance with the terms of our franchise agreements, the Company is obligated to use the marketing and reservation system revenues it collects from the current franchisees to provide marketing and reservation services that are appropriate to support the operation of the overall system. To the extent the revenues collected exceed the expenditures incurred, the Company has a commitment to the franchisee system to make expenditures in future years. Conversely, to the extent the expenditures incurred exceed the revenues collected, the Company has the contractual enforceable right to assess and collect such amounts from the franchisees.

In the ordinary course of business, the Company enters into numerous agreements that contain standard indemnities whereby the Company indemnifies another party for breaches of representations and warranties. Such indemnifications are granted under various agreements, including those governing (i) purchases or sales of assets or businesses, (ii) leases of real estate, (iii) licensing of trademarks, (iv) access to credit facilities, (v) issuances of debt or equity securities, and (vi) certain operating agreements. The indemnifications issued are for the benefit of the (i) buyers in sale agreements and sellers in purchase agreements, (ii) landlords in lease contracts, (iii) franchisees in licensing agreements, (iv) financial institutions in credit facility arrangements, (v) underwriters in debt or equity security issuances, and (vi) parties under certain operating agreements. In addition, these parties are also generally indemnified against any third-party claim resulting from the transaction that is contemplated in the underlying agreement. While some of these indemnities extend only for the duration of the underlying agreement, many survive the expiration of the term of the agreement or extend into perpetuity (unless subject to a legal statute of limitations). There are no specific limitations on the maximum potential amount of the future payments that the Company could be required to make under these indemnities, nor is the Company able to develop an estimate of the maximum potential amount of the future payments that could be made under these indemnifications as the triggering events are not subject to

predictability. With respect to certain of the aforementioned indemnities, such as the indemnifications of the landlords against third-party claims for the use of real estate property leased by the Company, the Company maintains insurance coverage that mitigates any potential liability.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Management's Evaluation of Disclosure Controls and Procedures

The Company has a disclosure review committee whose membership includes the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), among others. The disclosure review committee's procedures are considered by the CEO and CFO in performing their evaluations of the Company's disclosure controls and procedures and in assessing the accuracy and completeness of the Company's disclosures.

Our management, with the participation of our CEO and CFO, have evaluated the effectiveness of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), as of the end of the period covered by this annual report as required by Rules 13a-15(b) or 15d-15(b) under the Exchange Act. Our management, including our CEO and CFO, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met.

An evaluation was performed under the supervision and with the participation of the Company's CEO and CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were effective as of December 31, 2024.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting that occurred during the fourth quarter of 2024 that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

The management of Choice Hotels International, Inc. and its subsidiaries (together "the Company") is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2024. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework (2013)*. Based on management's assessment under those criteria, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2024.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2024 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Choice Hotels International, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Choice Hotels International, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Choice Hotels International, Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2024 consolidated financial statements of the Company and our report dated February 20, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Tysons, Virginia

February 20, 2025

Item 9B. Other Information
Director and Officer Trading Arrangements

The following table describes, for the fourth quarter of 2024, each trading arrangement for the sale or purchase of Company securities adopted or terminated by our directors and officers that is either (i) a contract, instruction, or written plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) (a “Rule 10b5-1 trading arrangement”), or (ii) a “non-Rule 10b5-1 trading arrangement” (as defined in Item 408(c) of Regulation S-K):

Name (Title)	Action Taken (Date of Action)	Type of Trading Arrangement	Nature of Trading Arrangement	Duration of Trading Arrangement	Aggregate Number of Securities Covered
Dominic Dragisich (Executive Vice President, Operations and Chief Global Brand Officer)	Adopted (November 24, 2024)	Rule 10b5-1 trading arrangement for exercise of stock options	Exercise and Sale	(1)	(1)

(1) This trading plan relates to options to purchase up to 10,500 shares of the Company's common stock and has a scheduled expiration date of February 23, 2026.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III
Item 10. Directors, Executive Officers and Corporate Governance

The required information is incorporated by reference in this Form 10-K from the Company's proxy statement that will be furnished to shareholders in connection with the Company's 2025 Annual Meeting of Shareholders under the sections titled "Director Nominee Information and Qualifications," "Delinquent Section 16(a) Reports," "Board Refreshment and Consideration of Director Nominees," "Committees of the Board," and "Insider Trading Policies and Procedures". The required information on executive officers is set forth in Part I of this Form 10-K under an unnumbered item captioned "Information about our Executive Officers."

Code of Ethics

The Company has adopted a Code of Ethics that applies to its Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer.

The Code of Ethics is available free of charge through our internet website located at www.choicehotels.com. We will also provide without charge to any person, on the written or oral request of such person, a copy of our Code of Ethics. Requests should be directed to Investor Relations, 915 Meeting Street, Suite 600, North Bethesda, MD 20852 (telephone number (301) 592-5100). We will satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding any material amendment to our code of ethics, and any waiver from a provision of our code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer, or persons performing similar functions, by posting such information on our website at the internet website address set forth above.

Item 11. Executive Compensation

The required information is incorporated by reference in this Form 10-K from the Company's proxy statement that will be furnished to shareholders in connection with the Company's 2025 Annual Meeting of Shareholders under the sections titled "Compensation Discussion Analysis," "Corporate Governance - Compensation Committee Interlocks and Insider Participation," "Human Capital and Compensation Committee Report," "Non-Employee Director Compensation," and "Executive Compensation Tables" (excluding the information under the subheading "Pay Versus Performance").

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The required information is incorporated by reference in this Form 10-K from the Company's proxy statement that will be furnished to shareholders in connection with the Company's 2025 Annual Meeting of Shareholders under the sections titled "Security Ownership of Certain Beneficial Owners and Management."

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information regarding the number of shares of the Company's common stock that were subject to outstanding stock options by plan category as of December 31, 2024.

	Number of shares to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of shares remaining available for future issuance under equity compensation plans (excluding shares reflected in column (a))
	(a)		(b)
Equity compensation plans approved by shareholders	771,641	\$ 111.15	1,093,703
Equity compensation plans not approved by shareholders	Not applicable	Not applicable	Not applicable

The shares remaining available for future issuance under equity compensation plans in column (b) above are available for grant in any combination of stock options, restricted stock, stock appreciation rights, and performance share awards by the Compensation and Management Development Committee of the Board of Directors.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The required information is incorporated by reference in this Form 10-K from the Company's proxy statement that will be furnished to shareholders in connection with the Company's 2025 Annual Meeting of Shareholders under the section titled "Certain Relationships and Related Transactions" and "Director Independence."

Item 14. Principal Accounting Fees and Services

The required information is incorporated by reference in this Form 10-K from the Company's proxy statement that will be furnished to shareholders in connection with the Company's 2025 Annual Meeting of Shareholders under the sections titled "Principal Auditor Fees and Services."

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) List of Documents Filed as Part of this Report

1. Financial Statements

The response to this portion of Item 15 is submitted under Item 8 of this Report on Form 10-K.

2. Financial Statement Schedules

Report of Independent Registered Public Accounting Firm required pursuant to Item 15(a)(2) is submitted under Item 8 of this report.

All other schedules are omitted because they are not applicable.

3. Exhibits

Exhibit Number	Description
3.01(a)	Restated Certificate of Incorporation of Choice Hotels Franchising, Inc. (renamed Choice Hotels International, Inc.)
3.01A(c)	Amendment to the Restated Certificate of Incorporation of Choice Hotels International, Inc. dated April 30, 2013
3.01B(gg)	Amendment to the Restated Certificate of Incorporation of Choice Hotels International, Inc., dated May 16, 2024
3.02C(gg)	Second Amended and Restated Bylaws of Choice Hotels International, Inc., dated as of May 16, 2024
4.01(i)	Indenture, dated August 25, 2010 between the Company and Wells Fargo Bank, National Association, as Trustee
4.04(q)	Third Supplemental Indenture dated November 27, 2019 among Choice Hotels International, Inc. and Wells Fargo Bank, National Association
4.05(aa)	Description of Capital Stock Registered Pursuant to Section 12 of the Securities Exchange Act of 1934
4.06(w)	Fourth Supplemental Indenture dated July 23, 2020 among Choice Hotels International, Inc. and Wells Fargo Bank, National Association
4.07(hh)	Fifth Supplemental Indenture, dated as of July 2, 2024, between Choice Hotels International, Inc. and Computershare Trust Company, N.A. (as successor to Wells Fargo Bank, National Association), as trustee
10.02(d)	Amended and Restated Chairman's Services Agreement dated September 10, 2008 by and between Choice Hotels International, Inc. and Stewart Bainum, Jr.
10.02A(r)†	Amendment to Amended and Restated Chairman's Services Agreement dated January 1, 2012 between Choice Hotels International, Inc. and Stewart Bainum, Jr.
10.02B(n)†	Amendment to Amended and Restated Chairman's Services Agreement dated January 1, 2017 between Choice Hotels International, Inc. and Stewart Bainum, Jr.
10.02C(b)†	Amendment to Amended and Restated Chairman's Services Agreement dated January 1, 2019
10.02D(dd)†	Amendment to Amended and Restated Chairman's Services Agreement effective as of January 1, 2022
10.02E†*	Amendment to Amended and Restated Chairman's Services Agreement effective as of January 1, 2025
10.03(e)†	Choice Hotels International, Inc. 2006 Long-Term Incentive Plan
10.03A(g)†	Amendment to Choice Hotels International, Inc. 2006 Long-Term Incentive Plan, dated January 1, 2009
10.03B(h)†	Amendment to Choice Hotels International, Inc. 2006 Long-Term Incentive Plan, dated April 29, 2010
10.03C(c)†	Amendment to Choice Hotels International, Inc. 2006 Long-Term Incentive Plan, dated April 25, 2013
10.03D(t)†	Amendment to Choice Hotels International, Inc. 2006 Long-Term Incentive Plan, dated February 27, 2015
10.04(c)†	Choice Hotels International, Inc. Executive Incentive Compensation Plan
10.05(x)†	Choice Hotels International, Inc. 2017 Long-Term Incentive Plan
10.06(o)†	Choice Hotels International, Inc. Executive Deferred Compensation Plan (for Grandfather Account Balances)
10.06A(g)†	Amended and Restated Choice Hotels International, Inc. Executive Deferred Compensation Plan (for Non-Grandfather Account Balances)
10.07(m)†	Non-Competition, Non-Solicitation & Severance Benefit Agreement between the Company and Patrick Pacious, dated May 5, 2011
10.07A(r)†	Amendment to Non-Competition, Non-Solicitation & Severance Benefit Agreement between the Company and Patrick Pacious, dated March 13, 2012

10.07B(y)†	Amended and Restated Non-Competition, Non-Solicitation & Severance Benefit Agreement between the Company and Patrick S. Pacious, dated September 12, 2017
10.08(f)†	Non-Competition, Non-Solicitation and Severance Benefit Agreement between the Company and Simone Wu, dated February 13, 2012
10.08A(f)†	Amendment to Non-Competition, Non-Solicitation and Severance Benefit Agreement between the Company and Simone Wu, dated March 25, 2013
10.09(z)†	Form of Non-Competition, Non-Solicitation & Severance Benefit Agreement
10.10(cc)†	2023 Form of Non-Competition, Non-Solicitation & Severance Benefit Agreement
10.11(v)	Unit Purchase Agreement, dated as of December 15, 2017, by and among Choice Hotels International, Inc., WoodSpring Hotels LLC and WoodSpring Hotels Franchise Services LLC
10.12(u)	Amended and Restated Senior Unsecured Credit Agreement dated August 20, 2018 among Choice Hotels International, Inc., Deutsche Bank, AG New York Branch, as administrative agent, the other agents there to and a syndicate of lenders
10.13(k)	Extension Confirmation Letter dated as of July 2, 2019 in connection with Senior Unsecured Credit Agreement
10.14(j)	First Amendment to the Amended and Restated Senior Unsecured Credit Agreement, dated February 18, 2020 among Choice Hotels International, Inc., Deutsche Bank AG New York Branch, as administrative agent, and the lenders party thereto
10.15(s)	Extension Confirmation Letter dated as of August 12, 2020 in connection with Senior Unsecured Credit Agreement
10.16(l)	Second Amendment to the Amended and Restated Senior Unsecured Credit Agreement dated August 11, 2021, among Choice Hotels International, Inc., Deutsche Bank AG New York Bank, as Administrative Agent, and the lender's party thereto
10.17(l)	Extension Confirmation Letter dated as of August 11, 2021 in connection with Senior Unsecured Credit Agreement
10.18(p)	Assignment and Acceptance dated May 11, 2022 in connection with Senior Unsecured Credit Agreement
10.19(ff)	Third Amendment to the Amended and Restated Senior Unsecured Credit Agreement, dated February 14, 2023 among Choice Hotels International, Inc., Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto
10.20(ff)	Successor Agency Agreement, dated February 14, 2023, by and among Wells Fargo Bank, National Association, as successor agent, Deutsche Bank AG New York Branch, as resigning agent, and Choice Hotels International, Inc.
10.21(ii)	Second Amended and Restated Senior Unsecured Credit Agreement, dated as of June 28, 2024, among Choice Hotels International, Inc., Wells Fargo Bank, National Association, as administrative agent, the other agents party thereto and a syndicate of lenders
10.22(bb)	Share Sale and Purchase Agreement, dated as of June 12, 2022 by and among Choice Hotels International, Inc., Radisson Holdings Inc., Radisson Hospitality, Inc., Aplite Holdings AB and Radisson Hospitality Belgium BV/SRL
10.23(cc)†	Amendment to Non-Competition, Non-Solicitation & Severance Benefit Agreement between the Company and Patrick Pacious, dated May 24, 2022
10.24(cc)†	Letter Agreement between the company and Patrick S. Pacious, dated May 24, 2022
10.25†*	Amendment to Non-Competition, Non-Solicitation and Severance Benefit Agreement between the Company and Robert McDowell, dated January 15, 2025
19*	Insider Trading Policy, dated April 19, 2018
21.01*	Subsidiaries of Choice Hotels International, Inc.
23*	Consent of Ernst & Young LLP
31.1*	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a)

31.2*	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a)
32*	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350
97*	Dodd-Frank Compensation Recovery Policy effective October 2, 2023
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Label Linkbase Document
101.PRE*	XBRL Taxonomy Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

† Indicates a management contract or compensatory plan.

- (a) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Registration Statement on Form S-4, filed August 31, 1998.
- (b) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2018, filed February 26, 2019.
- (c) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Current Report on Form 8-K dated April 26, 2013, filed on May 1, 2013.
- (d) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, filed on November 10, 2008.
- (e) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Current Report on form 8-K dated May 1, 2006, filed on May 5, 2006.
- (f) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, filed on May 8, 2013.
- (g) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2008, filed March 2, 2009.
- (h) Incorporated by reference to the identical document filed as Appendix B to Choice Hotels International, Inc.'s Definitive Proxy Statement on Form DEF 14A K filed March 25, 2010.
- (i) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Current Report on Form 8-K dated August 25, 2010, filed August 25, 2010.
- (j) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Current Report on Form 8-K dated February 18, 2020, filed February 21, 2020.
- (k) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, filed November 5, 2019.
- (l) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 filed November 4, 2021.
- (m) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Current Report on Form 8-K dated May 5, 2011, filed May 10, 2011.
- (n) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2016, filed February 27, 2017.

- (o) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2002, filed March 31, 2003.
- (p) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, filed August 4, 2022.
- (q) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Current Report on Form 8-K filed on November 27, 2019.
- (r) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, filed on May 9, 2012.
- (s) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, filed November 5, 2020.
- (t) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Current Report on Form 8-K dated April 24, 2015, filed April 29, 2015.
- (u) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Current Report on Form 8-K filed on August 20, 2018.
- (v) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Current Report on Form 8-K dated December 15, 2017, filed December 18, 2017.
- (w) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Current Report on Form 8-K filed on July 23, 2020.
- (x) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Current Report on Form 8-K dated April 21, 2017, filed April 24, 2017.
- (y) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Current Report on Form 8-K dated and filed September 18, 2017.
- (z) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, filed May 5, 2017.
- (aa) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2019, filed March 2, 2020.
- (bb) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Current Report on Form 8-K dated on June 12, 2022, filed on June 13, 2022.
- (cc) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Current Report on Form 8-K dated May 24, 2022, filed May 27, 2022.
- (dd) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2021, filed February 24, 2022.
- (ee) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, filed August 8, 2023.
- (ff) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Current Report on Form 8-K filed on February 14, 2023.
- (gg) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Current Report on Form 8-K dated May 15, 2024, filed May 17, 2024.
- (hh) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Current Report on Form 8-K dated July 2, 2024, filed July 2, 2024.
- (ii) Incorporated by reference to the identical document filed as an exhibit to Choice Hotels International, Inc.'s Current Report on Form 8-K dated June 28, 2024, filed on June 28, 2024.

Item 16. Form 10-K Summary

None.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHOICE HOTELS INTERNATIONAL, INC.

By: /s/ Patrick S. Pacious

Patrick S. Pacious
President and Chief Executive Officer

Dated: February 20, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ STEWART W. BAINUM, JR. Stewart W. Bainum, Jr.	Chairman, Director	February 20, 2025
/s/ WILLIAM L. JEWS William L. Jews	Director	February 20, 2025
/s/ PATRICK S. PACIOUS Patrick S. Pacious	President and Chief Executive Officer, Director (Principal Executive Officer)	February 20, 2025
/s/ BRIAN B. BAINUM Brian B. Bainum	Director	February 20, 2025
/s/ MONTE J.M. KOCH Monte J.M. Koch	Director	February 20, 2025
/s/ ERVIN R. SHAMES Ervin R. Shames	Director	February 20, 2025
/s/ JOHN P. TAGUE John P. Tague	Director	February 20, 2025
/s/ LIZA K. LANDSMAN Liza K. Landsman	Director	February 20, 2025
/s/ MAUREEN SULLIVAN Maureen Sullivan	Director	February 20, 2025
/s/ DONNA F. VIEIRA Donna F. Vieira	Director	February 20, 2025
/s/ GORDON A. SMITH Gordon A. Smith	Director	February 20, 2025
/s/ SCOTT E. OAKSMITH Scott E. Oaksmith	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 20, 2025

**AMENDMENT TO
AMENDED AND RESTATED CHAIRMAN'S SERVICES AGREEMENT**

This Amendment ("Amendment") is effective as of January 1, 2025 by and between Choice Hotels International, Inc. ("Choice"), and Stewart Bainum, Jr. and amends that certain Amended and Restated Chairman's Services Agreement dated September 10, 2008 between the parties (as previously amended, the "Agreement").

NOW, THEREFORE, in consideration of the promises contained in this Amendment, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree to the following terms:

1. **Compensation.** Section 3(a) of the Agreement is deleted and replaced with the following:

(a) Base salary of \$500,000 per annum payable as follows:

(i) \$150,000 in cash consideration, paid in bi-weekly installments; and

(ii) \$350,000 in restricted stock, in the form of a number of restricted shares that have a fair market value on the grant date (determined based on the New York Stock Exchange reported closing price of the stock on the date of the Company's annual stock grant to employees) equal to \$350,000, the vesting of which shall occur in three equal installments on the second day of the month following the first, second and third anniversary of the grant date.

2. **Miscellaneous.**

(a) All other provisions of the Agreement not modified by this Amendment remain in full force and effect.

(b) The Agreement and this Amendment contains the entire agreement of the parties, and supersedes all other agreements, discussions or understandings concerning the subject matter. The Agreement may be changed only by an agreement in writing signed by both parties.

Choice Hotels International, Inc.

By: /s/ Patrick Cimerola

Patrick Cimerola

Chief Human Resources Officer

Chairman:

/s/ Stewart Bainum, Jr.

Stewart Bainum, Jr.

**AMENDMENT TO
NON-COMPETITION, NON-SOLICITATION AND SEVERANCE BENEFIT AGREEMENT**

This Amendment ("Amendment") is made as of January 15, 2025, ("Amendment Date") by and between Robert McDowell ("Employee") and Choice Hotels International, Inc. ("Choice"), and amends that certain Non-Competition, Non-Solicitation and Severance Benefit Agreement between the parties approved by the Compensation and Management Development Committee of the Choice Board of Directors on February 22, 2019 ("Agreement").

NOW, THEREFORE, in consideration of the promises contained in this Amendment, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree to the following terms:

1. **Health Benefits.** Section 6(e) of the Agreement is hereby deleted and replaced in its entirety with the following:

The first bi-weekly payment referenced in Section 6(a) above shall include an amount equal to Choice's portion of the projected contributions needed to continue the Employee's medical, dental and vision coverage under the Choice group medical, dental and vision programs during the Severance Period plus an amount equal to the tax gross-up on such Choice contributions determined based on the supplemental Federal tax rate plus Social Security, state and local taxes, as applicable. Employee may use such aggregate amount for any purpose. After the Termination Date, Employee shall be eligible to continue health insurance coverage at Employee's own expense in accordance with and to the extent required by COBRA.

2. **Miscellaneous.**

(a) All other provisions of the Agreement not modified by this Amendment remain in full force and effect.

(b) The Agreement and this Amendment contain the entire agreement of the parties, and supersedes all other agreements, discussions or understandings concerning the subject matter. The Agreement may be changed only by an agreement in writing signed by both parties. Neither party is relying on any representations, warranties, promises or covenants that are not expressly contained in this Agreement.

Choice Hotels International, Inc.

By: /s/ Patrick Cimerola

Employee:

/s/ Robert McDowell

Insider Trading Policy

(Updated as of April 19, 2018)

Choice Hotels International, Inc. and its subsidiaries (Choice) have adopted the following policy with respect to trading of Choice securities by its associates. For purposes of this policy, the term "associate" includes all Choice employees, directors, contract staff and consultants.

Choice has designed this policy in order to promote compliance with federal and state securities laws and to protect Choice, as well as its associates, from the very serious liabilities and penalties that can result from violations of these laws. Each associate is responsible for ensuring that he or she does not violate federal or state securities laws or Choice's policy concerning securities trading.

Any questions with regard to this policy, its use and/or administration, should be directed to Choice's Legal Department, specifically the General Counsel or the Chief Compliance Officer. Determinations under and interpretations of this policy by the Legal Department shall be final.

Who is Covered?

The prohibition against trading on the basis of material nonpublic information applies to all associates. The restrictions also apply to entities controlled by associates as well as an associate's family members and other persons living in an associate's household. In any action brought under the insider trading laws there is a presumption that trading by family members (including children away at school) is based on information the insider supplied, and that any such transactions will be treated as though the insider had traded himself or herself.

Associate Responsibility for Covered Individuals under this Policy

Associates are held responsible for their own compliance as well as that of entities they control and their family members and personal household.

What is Trading?

Trading includes purchases and sales of stocks, bonds, debentures, options, puts, calls and other similar securities or standing orders for purchases or sales at specific prices. Transactions that may be justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are no exception to this policy. Trading may also include transactions involving stock options, 401(k) and Non-Qualified Plans or Employee Stock Purchase Plan as described in Trading under Company Plans. The simple exercise of a stock option (where the acquired stock is held and not sold), however, is not a "trade," and therefore, is not subject to this policy. Transfers, including gifts, may constitute trading in certain circumstances. If you have any questions as to whether a proposed transfer or transaction constitutes trading under this policy, contact Choice's Legal Department.

What is "Insider Trading"?

Federal securities laws prohibit buying, selling, or making certain other transfers of securities by persons who are aware of material information that is not generally known or available to the public. These laws also prohibit persons with material nonpublic information from disclosing this information to others who may trade. This type of prohibited conduct is generally referred to as "insider trading" and is illegal.

Prohibition on Insider Trading and Tipping

An associate may not trade in the stock or other securities of any entity if he or she is aware of material nonpublic information about the entity that he or she learned in the course of employment. This restriction on insider trading is not limited to trading in Choice securities. It includes trading in the securities of other entities, such as those that are customers or suppliers of Choice and those with which Choice may be negotiating major transactions, such as an acquisition, investment or sale. Information that is not material to Choice may nevertheless be material to one of those other entities.

Associates also must not pass material nonpublic information onto others or recommend to anyone the purchase or sale of any securities while aware of such information. This practice, known as “tipping,” also violates the securities laws and can result in the same civil and criminal penalties that apply to insider trading whether or not the associate receives any benefit from the other person's actions.

Associate Responsibility for Insider Trading

Each associate has a responsibility for adhering to this policy and avoiding insider/improper trading or tipping. Therefore, the recommended course of action is for an associate to be conservative and exercise good judgment when trading securities. As noted above, associates are responsible for their own compliance as well as that of entities they control and their family members and personal household. When in doubt, please consult Choice’s Legal Department.

What is Material Nonpublic Information

Material Information

Information is material if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, hold or sell a security. Therefore, any information that could reasonably be expected to affect the price of Choice's stock is material. Common examples of information which could be material are:

- Quarterly or annual earnings information, including revenues, earnings before interest, taxes, depreciation and amortization (EBITDA), unit and room growth, revenue per available room (RevPAR), or similar metrics of Choice's performance;
- Projections of future earnings or losses, changes in such projections or other earnings guidance;
- Earnings that are inconsistent with the consensus expectations of the investment community;
- A special cash or stock dividend, any change in the regular cash dividend on Choice's common stock or the declaration of a stock split;
- A pending or proposed merger, acquisition, tender offer or acquisition or disposition of significant assets by Choice or any of its subsidiaries or involving any one of them;
- A change in senior management;
- Actual or threatened major litigation, or the resolution of such litigations;
- The gain or loss of a material franchisee, contract or significant customer or supplier;
- An upcoming offering of additional securities; and
- Financial or liquidity problems.
- A significant cybersecurity incident experienced by Choice and/or its franchise system;

Both positive and negative information can be material. Trading that receives scrutiny will be evaluated after the fact with the benefit of hindsight. Thus, if there is doubt, questions concerning the materiality of particular information should be resolved in favor of materiality and trading should be avoided. Any questions should be directed to Choice's Legal Department.

Nonpublic Information

Nonpublic information (or inside information) is information that is not generally known or available to the public. Information is considered public only if it has been effectively disclosed through appropriate means, such as a press release or SEC filing and sufficient time has elapsed for it to be absorbed by the market (generally two business days).

Trading Under Choice Plans

A limited number of transactions that occur under Choice plans are not subject to the restriction on trading Choice securities as covered by this policy, as described below.

Equity Compensation Plans

The simple exercise of an associate stock option (where the stock acquired is held and not sold), or a grant or vesting of restricted stock or similar securities issued pursuant to a Choice incentive plan is not a "trade," and therefore, is not subject to this policy. In addition, the exercise of a tax withholding right pursuant to which an associate elects to have Choice withhold shares subject to an award to satisfy tax withholding requirements is not subject to this policy. However, the restrictions contained in this policy do apply to any sale of stock as part of a broker-assisted cashless

exercise of an option, or any other market sale for the purpose of generating cash needed to pay the exercise price of an option or to satisfy tax obligations.

Gifts

A gift of shares to persons covered by this policy (family members and other persons living in an associate's household) is generally not considered to be a trade; however such recipient's sale of the gifted shares would be subject to this policy. Gifts to persons or entities not covered by this policy, including charitable gifts, should be voided when the donor is in possession of material non-public information or otherwise restricted from trading as set out in this policy as immediate sales of the gifted shares by the donee could be viewed as attributable to material nonpublic information communicated by the donor. You must consult Choice's Legal Department prior to making any gift during a time when you are not permitted to buy or sell Choice securities under this policy. Additional restrictions on gifts may apply to directors and Section 16 reporting officers, see below. These requirements are intended not to dissuade individuals from making charitable gifts but to establish appropriate procedures to be followed in making such gifts.

Special Rules for Members of the Board of Directors and Certain Associates

Quarterly Blackout Periods

Members of the Board of Directors (Directors) and certain other associates are more likely to have access to material nonpublic information about Choice because of their positions with Choice, and, therefore, their trades in Choice securities are more likely to be subject to scrutiny as a result. Accordingly, in addition to the trading restrictions set forth elsewhere in this policy, these individuals are prohibited from trading in Choice's securities during the period beginning on the 15th day of March, June, September and December and continuing throughout the end of the second business day following the public release of the quarterly or annual summary statements of earnings (Quarterly Blackout Periods).

A trading blackout also may be implemented with respect to certain associates or groups of associates from time to time while special projects material to Choice are contemplated or progressing. Special notifications by the Legal Department to affected persons will be given in each of these circumstances.

Choice prohibits trading in Choice securities during Quarterly Blackout Periods by:

- Directors;
- All officers of Choice and any associate who attends or is invited to attend Choice's Executive Leadership Team meetings;
- Associates who are part of Choice's Finance or Legal Departments;
- Any associate who attends or is invited to attend any of Choice's Operating Committee meetings; and
- Other associates who may from time to time be notified by the Legal Department that he or she is subject to the Quarterly Blackout Periods due to his or her access to material nonpublic information.

Under unusual circumstances the Legal Department may make an exception if an associate can demonstrate that he or she is not in possession of material nonpublic information and it is determined that the transaction is not reasonably likely to raise the possibility or appearance that the associate traded while in possession of material nonpublic information.

No Trading Without Prior Approval

Directors and Section 16 reporting officers, in addition to complying with the restrictions otherwise set out in this policy, are permitted to engage in any transaction (including any gifts) in Choice securities only when the transaction has been pre-approved in writing by Choice's Legal Department. From time to time Directors and Section 16 reporting officers may also be advised that no trading will be permitted until further notice.

If, upon requesting pre-approval, a Director or a Section 16 reporting officer is officially advised that he or she may engage in the transaction, the Director or Section 16 reporting officer has two business days following receipt of permission to complete the transaction, unless otherwise provided in the written pre-approval. If for any reason the transaction is not completed within the two business day period, clearance must be obtained again.

If, upon requesting pre-approval or otherwise, a Director or the Section 16 reporting officer is advised that Choice's securities may not be traded, the Director or the Section 16 reporting officer may not trade in Choice securities under any circumstances, nor may he or she inform anyone outside of Choice of the restriction. This trading restriction remains in effect until the Director or the Section 16 reporting officer subsequently receives clearance to trade.

Pre-Arranged Trading Plans

Directors and senior Choice officers may consider establishing a SEC Rule 10b-5-1 trading plan if he or she anticipates desiring to buy or sell Choice stock in the future. A Director or senior Choice officer may establish a trading plan only at a time when he or she would be permitted to buy or sell Choice stock under this policy. Choice requires Directors and senior Choice officers to receive prior written approval from Choice's Legal Department before establishing a SEC Rule 10b-5-1 trading plan. Transactions made pursuant to a pre-approved SEC Rule 10b-5-1 trading plan will not be subject to Quarterly Blackout periods or prior approval requirements.

Restrictions on Short Sales, Speculative Trading, and Hedging Transactions; Pledging and Margin Accounts

Choice considers it improper and inappropriate for associates to engage in short-term or speculative transactions in Choice securities or in other transactions in Choice securities that may lead to inadvertent violations of the insider trading laws. Accordingly, an associate may not engage in short sales of Choice stock or transactions in publicly traded options such as puts, calls and other derivative securities. A short sale occurs when a person sells shares that he or she does not own (in effect, the person borrows shares for delivery to the buyer) or owns the shares sold but does not deliver those shares in the sale and instead delivers borrowed securities to the buyer (a short sale against the box). Option and other derivative positions that relate to hedging transactions are governed by the provision concerning hedging transactions in the following paragraph.

Associates that enter into hedging transactions with respect to Choice securities may reduce or eliminate the economic risks and rewards of ownership of the securities, and thereby create the appearance of such individuals having different objectives than Choice's other shareholders. Such transactions include, but are not limited to, prepaid variable forwards, equity swaps, collars and exchange funds. As a result, associates are prohibited from entering into hedging transactions; provided that this prohibition shall not apply to Choice securities indirectly held by a Bainum family director so long as the Choice securities were not received as compensation and are held by entities in which the Bainum family director owns less than a 50% economic interest. For purposes of the foregoing, a "Bainum family director" means a director of the Company that is a lineal descendant of Stewart W. Bainum, Sr. or a spouse or adopted child of such descendants.

In addition, certain arrangements may limit an associate's control over a transaction and may result in a trade when the associate is aware of material, nonpublic information. Because of these risks an associate should exercise caution in establishing standing orders. Furthermore, associates (other than members of the Board of Directors) are prohibited from holding Choice securities in a margin account or pledging Choice securities as collateral for a loan.

Actions Upon Violation of this Policy

An individual who trades on the basis of material nonpublic information (or tips such information to others) may be subject to the following sanctions by the Securities and Exchange Commission ("SEC") or other governmental agencies:

- A civil penalty of up to three times the profit gained or loss avoided;
- A criminal fine (no matter how small the profit) of up to \$5,000,000.00; and,
- A jail term of up to twenty years.

In addition, any individual violating insider trading laws may be sued by any other investors who purchased or sold securities at the same time that the illegal insider trading occurred.

Moreover, if an associate violates this policy Choice may take its own disciplinary actions, up to and including dismissal for cause.

If Choice (as well as any supervisory associate) fails to take appropriate steps to prevent illegal trading, Choice and the supervisory associate may be subject to the following sanctions by the SEC or other governmental agencies:

- A civil penalty of up to the greater of \$1,275,000.00 or three times the profit gained or the loss avoided as a result of the associate's violation; and,
- A criminal penalty of up to \$25,000,000.00.

In addition, Choice may be subject to claims by other persons who purchased or sold securities at the same time.

Associate Responsibility

Each associate should remember that the ultimate responsibility for adhering to this policy and avoiding improper trading or tipping rests with the associate. Each associate should be conservative and exercise good judgment in trading in Choice stock because of the risks and potential liability inherent in improper trading. When in doubt, please consult Choice's Legal Department.

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Last updated on April 20, 2018

SUBSIDIARIES OF CHOICE HOTELS INTERNATIONAL, INC.

Choice Hotels International, Inc., a Delaware corporation, had the domestic and international subsidiaries shown below as of December 31, 2024. Certain U.S. subsidiaries are not named because they were not significant in the aggregate. Choice Hotels International, Inc. has no parent.

<u>Name of Subsidiary</u>	<u>Jurisdiction of Organization</u>
AF Holding Subsidiary Corporation	Delaware
Bloomington CIS, LLC	Delaware
Cambria Hotels Management LLC	Delaware
CAM Bloomington 2021 LLC	Delaware
CH 32 W. Randolph LLC	Delaware
CH Avion Burbank LLC	Delaware
CH Bend LLC	Delaware
CH Brighton Denver LLC	Delaware
CH Broad Street LLC	Delaware
CH FW Rosedale LLC	Delaware
CH Lady Street Columbia LLC	Delaware
CH Portland Park LLC	Delaware
Choice Hotels (Barbados) 1, SRL	Barbados
Choice Hotels (Barbados) 2, SRL	Barbados
Choice Hotels Asia-Pac Pty. Ltd.	Australia
Choice Hotels Canada, Inc.	Canada
Choice Hotels de Mexico de R.L. de C.V.	Mexico
Choice Hotels France S.A.S.	France
Choice Hotels Franchise GmbH	Germany
Choice Hotels Insurance Agency, LLC	Maryland

Choice Hotels International Licensing ULC	Canada
Choice Hotels International Services Corp.	Delaware
Choice Hotels Licensing B.V.	Netherlands
Choice International Hospitality Services, Inc.	Delaware
Choice Privileges Loyalty Services, LLC	Delaware
CIS MOA Management, LLC	Maryland
CS 433 Mason LLC	Delaware
CS Centre Ave, Pittsburgh LLC	Delaware
CS HPB, LLC	Delaware
CS White Plains LLC	Delaware
CS WO LLC	Delaware
EH Amarillo Property Owner LLC	Delaware
EH Bastrop LLC	Delaware
EH Bowling Green LLC	Delaware
EH Brownsville Property Owner LLC	Delaware
EH BB Fayetteville LLC	Delaware
EH Casa Grande LLC	Delaware
EH Cheyenne Property Owner LLC	Delaware
EH Clarksville Property Owner LLC	Delaware
EH El Paso Property Owner LLC	Delaware
EH Georgetown I-35 LLC	Delaware
EH Glendale Property Owner LLC	Delaware
EH Nampa Property Owner LLC	Delaware
EH Portsmouth LLC	Delaware

EH Rochester LLC	Delaware
EH Salem Property Owner LLC	Delaware
EH San Antonio Hunt Lane LLC	Delaware
EH Somerset LLC	Delaware
EH Waco Property Owner LLC	Delaware
EH Wichita Property Owner LLC	Delaware
EH Yuma Property Owner LLC	Delaware
FC 632 TCHOUP LLC	Delaware
FC EL Segundo LLC	Delaware
LIBOR Management LLC	Minnesota
Quality Hotels Limited	United Kingdom
Radisson Blu MOA, LLC	Delaware
Radisson Blu MOA Management, LLC	Delaware
Radisson Chicago MP Management, LLC	Maryland
Radisson Hospitality, LLC	Minnesota
Radisson Hotels Canada, Inc.	Canada
RD LaCrosse Management, LLC	Maryland
RR MPLS Management, LLC	Maryland
RR MPLS DT, LLC	Delaware
68 East Avenue Austin, LLC	Delaware
926 James M Wood Boulevard LLC	Delaware

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form S-3 No. 333-273925) of Choice Hotels International, Inc., and
2. Registration Statements (Forms S-8 No. 333-223424, No. 333-217493, No. 333-41357, No. 333-193403, No. 333-169308, No. 333-142676, No. 333-106218, No. 333-38942, No. 333-67737, No. 333-41355, and No. 333-36819) of Choice Hotels International, Inc.;

of our reports dated February 20, 2025, with respect to the consolidated financial statements and schedule of Choice Hotels International, Inc. and the effectiveness of internal control over financial reporting of Choice Hotels International, Inc. included in this Annual Report (Form 10-K) of Choice Hotels International, Inc. for the year ended December 31, 2024.

/s/ Ernst & Young LLP

Tysons, Virginia
February 20, 2025

CERTIFICATION

I, Patrick S. Pacious, certify that:

1. I have reviewed this annual report on Form 10-K of Choice Hotels International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2025

/s/ Patrick S. Pacious

Patrick S. Pacious
President and Chief Executive Officer

CERTIFICATION

I, Scott E. Oaksmith, certify that:

1. I have reviewed this annual report on Form 10-K of Choice Hotels International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2025

/s/ Scott E. Oaksmith

Scott E. Oaksmith
Chief Financial Officer

**WRITTEN STATEMENT
OF
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**

The undersigned hereby certify that the Annual Report on Form 10-K for the year ended December 31, 2024 filed by Choice Hotels International, Inc. with the Securities and Exchange Commission fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the issuer.

Dated: February 20, 2025

/s/ Patrick S. Pacious

**Patrick S. Pacious
Chief Executive Officer and President**

/s/ Scott E. Oaksmith

**Scott E. Oaksmith
Chief Financial Officer**

Dodd-Frank Compensation Recovery Policy

This Compensation Recovery Policy (this “**Policy**”) is adopted by Choice Hotels International, Inc. (the “**Company**”) in accordance with Section 303A.14 of the New York Stock Exchange (the “**NYSE**”) Listed Company Manual (“**Section 303A.14**”), which implements Rule 10D-1 under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) (as promulgated pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010). This Policy is effective as of October 2, 2023 (the “**Effective Date**”).

1. Definitions

(a) “**Accounting Restatement**” means a requirement that the Company prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the U.S. federal securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. Changes to the Company’s financial statements that do not represent error corrections are not an Accounting Restatement, including: (A) retrospective application of a change in accounting principle; (B) retrospective revision to reportable segment information due to a change in the structure of the Company’s internal organization; (C) retrospective reclassification due to a discontinued operation; (D) retrospective application of a change in reporting entity, such as from a reorganization of entities under common control; and (E) retrospective revision for stock splits, reverse stock splits, stock dividends or other changes in capital structure.

(b) “**Committee**” means the Human Capital and Compensation Committee (or any successor thereto) of the Company’s Board of Directors (the “**Board**”).

(c) “**Covered Person**” means a person who served as an Executive Officer at any time during the performance period for the applicable Incentive-Based Compensation. This Policy (or designated portions hereof as the case may be) will also apply to such other employees (or classes of employees), as the Committee may designate from time to time as Covered Persons.

(d) “**Erroneously Awarded Compensation**” means the amount of Incentive-Based Compensation that was Received that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received had the amount of Incentive-Based Compensation been determined based on the restated amounts, computed without regard to any taxes paid by the Covered Person or by the Company on the Covered Person’s behalf. For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the amount of Erroneously Awarded Compensation will be based on a reasonable estimate by the Committee of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received. The Company will maintain documentation of the determination of that reasonable estimate and provide such documentation to the NYSE.

(e) “**Executive Officer**” means the Company’s officers as defined in Rule 16a-1(f) under the Exchange Act.

(f) “**Financial Reporting Measures**” means (A) measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures (whether or not such measures are presented within the Company’s financial statements or included in a filing made with the U.S. Securities and Exchange Commission), (B) stock price and (C) total shareholder return.

(g) “**Incentive-Based Compensation**” means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

(h) Incentive-Based Compensation is deemed to be “**Received**” in the Company’s fiscal period during which the Financial Reporting Measure specified in the applicable Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period or is subject to additional time-based vesting requirements.

(i) “**Recovery Period**” means the three completed fiscal years immediately preceding the earlier of: (A) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; or (B) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement. In addition, if there is a change in the Company’s fiscal year end, the Recovery Period will also include any transition period to the extent required by Section 303A.14.

2. Recovery of Erroneously Awarded Compensation

(a) Application of Prior Policy. If the Company is required to prepare an Accounting Restatement and the provisions of Section 2(b) of this Policy are inapplicable, the Clawback Policy previously adopted by the Board on February 25,

2022 (the “**Prior Policy**”) will apply in accordance with its terms. The Prior Policy will not apply when Section 2(b) of this Policy is applicable.

(b) Application of this Policy. Subject to the terms of this Policy and the requirements of Section 303A.14, if, on or after the Effective Date, the Company is required to prepare an Accounting Restatement, the Company will attempt to recover, reasonably promptly from each Covered Person, any Erroneously Awarded Compensation that was Received by such Covered Person during the Recovery Period pursuant to Incentive-Based Compensation that is subject to this Policy.

3. Interpretation and Administration

(a) Role of the Committee. This Policy will be interpreted by the Committee in a manner that is consistent with Section 303A.14 and any other applicable law and will otherwise be interpreted in the business judgment of the Committee. All decisions and interpretations of the Committee that are consistent with Section 303A.14 will be final and binding.

(b) Compensation Not Subject to this Policy. This Policy does not apply to Incentive-Based Compensation that was Received before the Effective Date. With respect to any Covered Person, this Policy does not apply to Incentive-Based Compensation that was Received by such Covered Person before beginning service as an Executive Officer or, if earlier, first being designated by the Committee as a Covered Person.

(c) Determination of Means of Recovery. Subject to the requirement that recovery be made reasonably promptly, the Committee will determine the appropriate means of recovery, which may vary between Covered Persons or based on the nature of the applicable Incentive-Based Compensation, and which may involve, without limitation, establishing a deferred repayment plan or setting off against current or future compensation otherwise payable to the Covered Person. Recovery of Erroneously Awarded Compensation will be made without regard to income taxes paid by the Covered Person or by the Company on the Covered Person’s behalf in connection with such Erroneously Awarded Compensation.

(d) Determination That Recovery is Impracticable. The Company is not required to recover Erroneously Awarded Compensation if a determination is made by the Committee that either (A) after the Company has made and documented a reasonable attempt to recover such Erroneously Awarded Compensation, the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered or (B) recovery of such Erroneously Awarded Compensation would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the registrant, to fail to meet the requirements of Section 401(a)(13) or 411(a) of the Internal Revenue Code and regulations thereunder.

(e) No Indemnification or Company-Paid Insurance. The Company will not indemnify any Covered Person against the loss of Erroneously Awarded Compensation and will not pay or reimburse any Covered Person for the purchase of a third-party insurance policy to fund potential recovery obligations.

(f) Interaction with Other Clawback Provisions. The Company will be deemed to have recovered Erroneously Awarded Compensation in accordance with this Policy to the extent the Company actually receives such amounts pursuant to any other Company policy, program or agreement (including the Prior Policy), pursuant to Section 304 of the Sarbanes-Oxley Act or otherwise.

(g) No Limitation on Other Remedies. Nothing in this Policy will be deemed to limit the Company’s right to terminate employment of any Covered Person, to seek recovery of other compensation paid to a Covered Person, or to pursue other rights or remedies available to the Company under applicable law.