



GreenTree Hospitality Group



2023Q3 Results

November 22, 2023

格林东方酒店
GREENTREE EASTERN HOTEL

慈奥酒店
CIM HOTEL

格雅酒店
GYA HOTEL

格菲酒店
GX HOTEL

天眠酒店
TIANMI HOTEL

格丽酒店
GLI HOTEL

格林豪泰酒店
GREENTREE INN

格林公寓
GREENTREE APARTMENT

格盟酒店
GEM HOTEL

Vatica
VATICA HOTEL

贝壳酒店
ShellHotel

鹿港小镇
Lùkǎng Xiǎozhèn

鹿港
Lùkǎng



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This presentation includes certain non-GAAP financial measures, which are different from financial measures calculated in accordance with U.S. GAAP. Such non-GAAP financial measures should be considered in addition to and not as a substitute for or superior to financial measures calculated in accordance with U.S. GAAP. In addition, the definitions of Adjusted EBITDA and Margin and Core Net Income and Margin in this presentation may be different from the definition of such terms used by other companies, and therefore comparability may be limited. A quantitative reconciliation of non-GAAP financial measures to the most directly comparable U.S. GAAP financial measures has been included in this presentation.

Except for historical information, all of the statements, expectations, and assumptions contained in this presentation constitute forward-looking statements made under the “safe harbor” provisions of Section 21E of the Securities Exchange Act of 1934, as amended, and the U.S. Private Securities Litigation Reform Act of 1995. These statements include descriptions regarding the intent, belief or current expectations of GreenTree Hospitality Group Ltd. (the “Company”), its officers or its management with respect to the consolidated results of operations and financial condition of the Company. The Company may also make written or oral forward-looking statements in its reports filed with or furnished to the SEC, in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. These statements can be recognized by the use of words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “potential,” “continue,” “is/are likely to,” “confident,” “future,” words or expressions of similar meaning. Such forward-looking statements are not guarantees of future performance and involve known and unknown factors, risks and uncertainties that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. Such factors and risks include, but are not limited to the following: the Company’s goals and growth strategies; its future business development, financial condition and results of operations; trends in the hospitality industry in China and globally; competition in our industry; fluctuations in general economic and business conditions in China and other regions where we operate; the regulatory environment in which we and our franchisees operate; and assumptions underlying or related to any of the foregoing. You should not place undue reliance on these forward-looking statements. Further information regarding these and other risks, uncertainties or factors is included in the Company’s filings with the SEC, copies of which are available for free in the Investor Relations section of the Company’s website at <http://ir.998.com> or upon request from the Company’s Investor Relations Department. All information provided, including the forward-looking statements made, in this presentation are current as of the date hereof. Neither the delivery of this presentation nor any further discussions of the Company after the date hereof shall, under any circumstances, imply that there has been no change in the affairs of the Company since such date. Except as required by law, the Company undertakes no obligation to update any such information or forward-looking statements to reflect events or circumstances after the date on which the information is provided or statements are made, or to reflect the occurrence of unanticipated events.



01



**2023Q3 Performance
Review**

02



**2023Q3 Strategic
Execution: Hotel
Business and
Restaurant Business**

03



**2023Q3 Operating and
Financial Highlights:
Hotel Business and
Restaurant Business**

04



Appendix



01

2023Q3 Performance Review



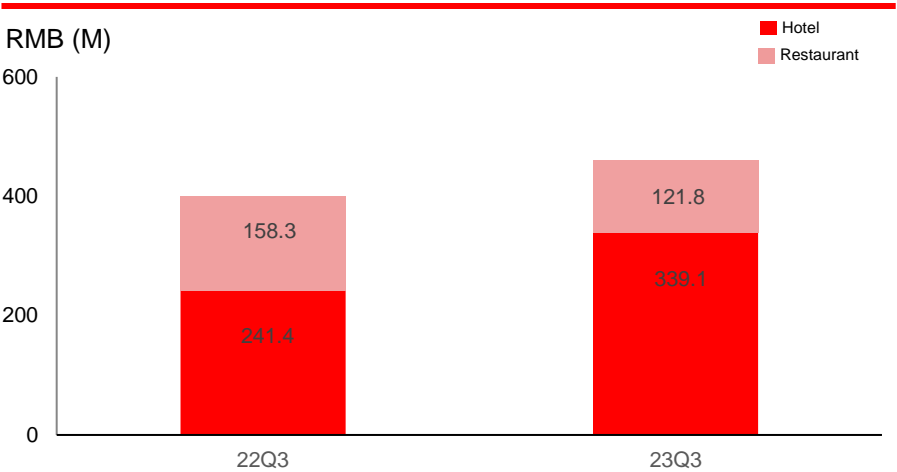
	RMB	Compared with 2022Q3 ⁽¹⁾
RevPAR	156	Up 30.5%
ADS(Average Daily Sales Per Store)	6,548	Up 7.4%
Total Revenues	460.9MM	Up 15.3%
Income from Operations	137.8MM	Up 3643.4% with margin 29.9%
Net Income	117.4MM	Turn positive with margin 25.5%
Adjusted EBITDA (Non-GAAP) ⁽²⁾	173.4MM	Up 215.0% with margin 37.6%
Core Net Income (Non-GAAP) ⁽³⁾	127.2MM	Up 2625.6% with margin 27.6%
Cash Provided by Operating Activities	154.8MM	Up 0.8%

Note:

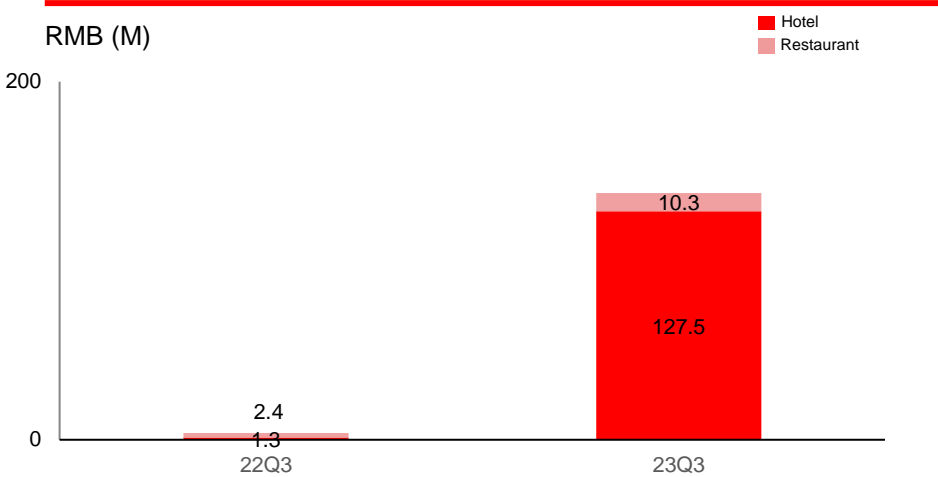
1. As Da Nang Dumplings and Bellagio are all under the control of the founder, Alex S. Xu, the company accounted for the common-control acquisitions by using the pooling of interest method. The consolidated balance sheets and consolidated statements of comprehensive income(loss) include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control. In this report, the comparative financial data have been restated to reflect the business combinations under common control occurred.
2. Adjusted EBITDA (non-GAAP) is calculated as net income plus other operating expenses, income tax expense, share of loss in equity investees, net of tax, interest expense, depreciation and amortization, losses from investment in equity securities and other general expenses, but excludes other operating income, interest income and other, net, gains from investment in equity securities, share of gains in equity investees (net of tax), and other income, net. The calculation of Adjusted EBITDA (non-GAAP) included in this report has been aligned according to the above mentioned definition.
3. Core net income is calculated as net income plus share-based compensation, losses from investments in equity securities (net of 25% tax), other expense(net of 25% tax), one-time fees and expense, and other general expenses but excludes government subsidies (net of 25% tax), gains from investment in equity securities (net of 25% tax), and other income (net of 25% tax).



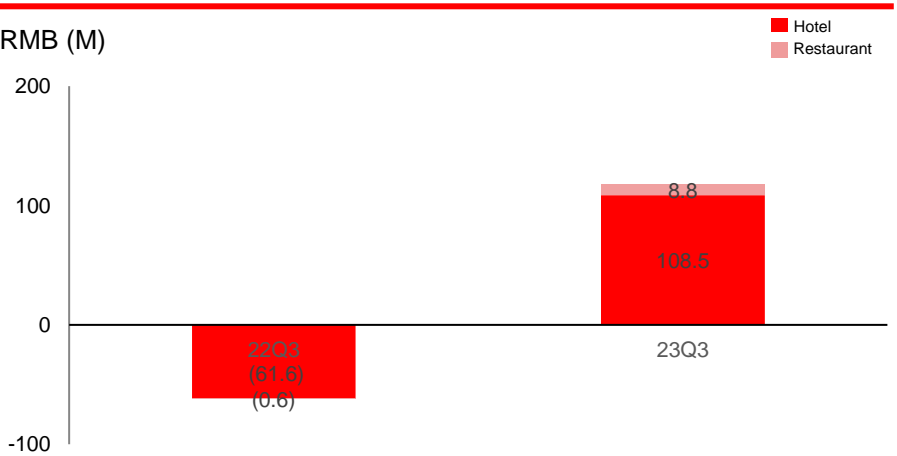
Total Revenues



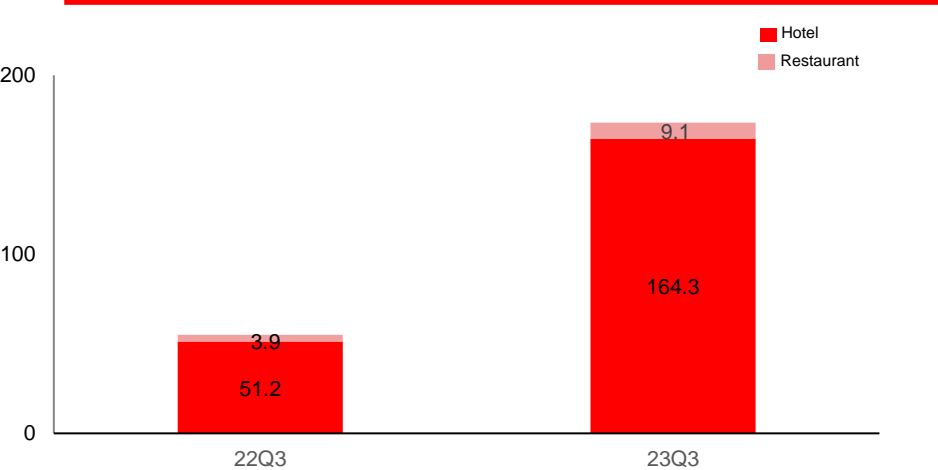
Income from Operations



Net Income



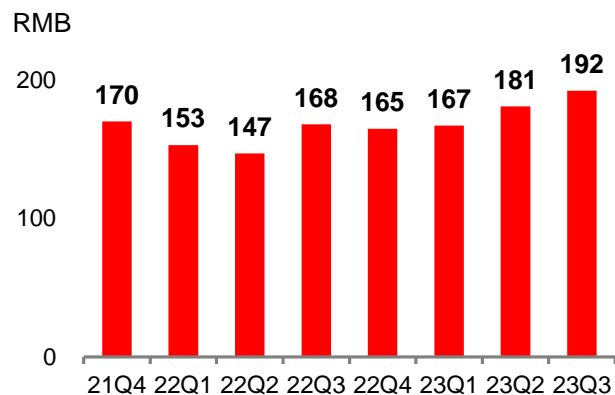
Adjusted EBITDA



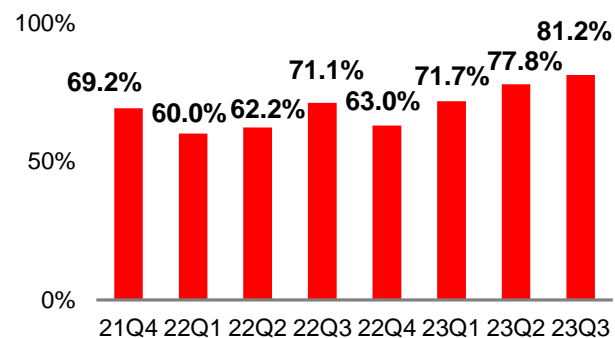
Overview of Hotels



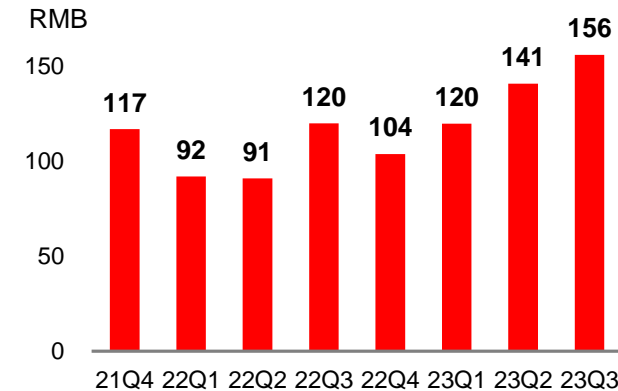
ADR



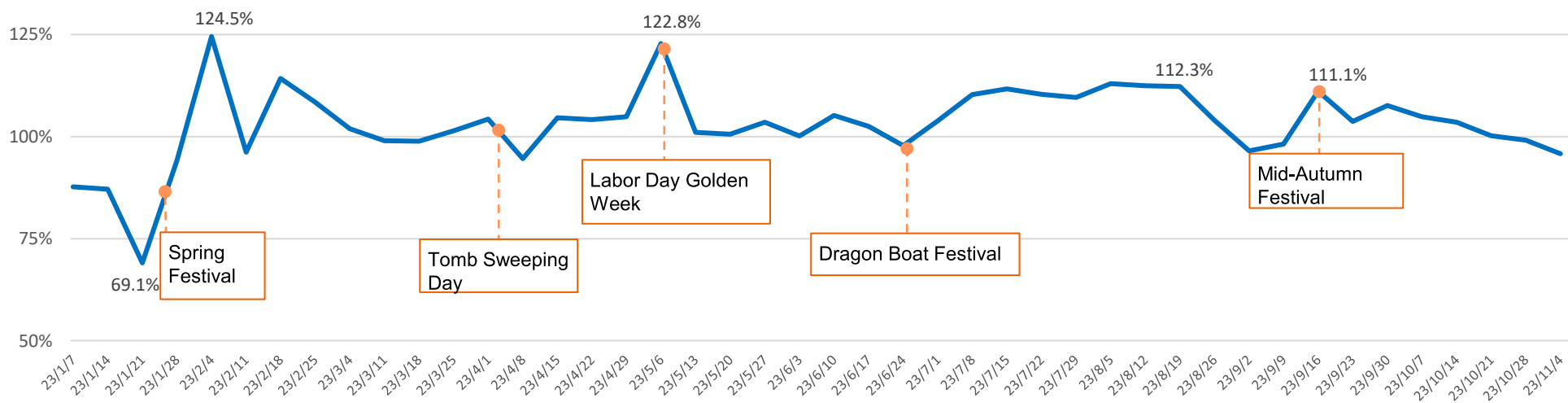
Occupancy



RevPAR



RevPAR as % of 2019⁽¹⁾



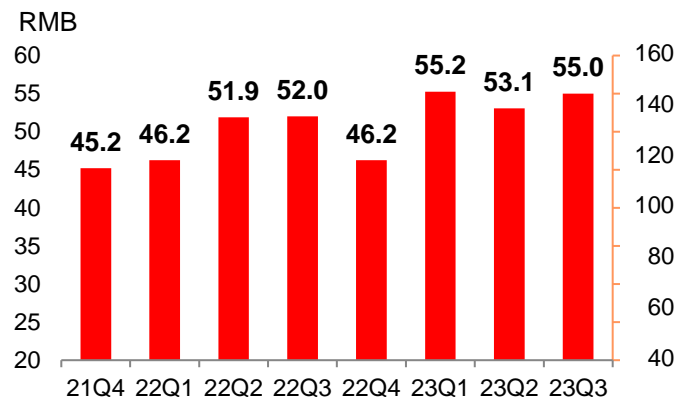
Note:

1. Based upon weekly average RevPAR

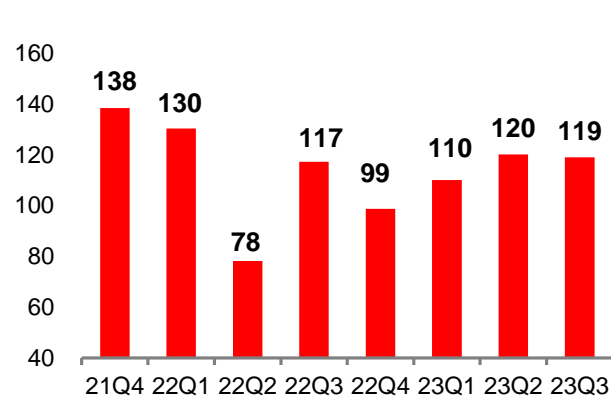
Overview of Restaurants



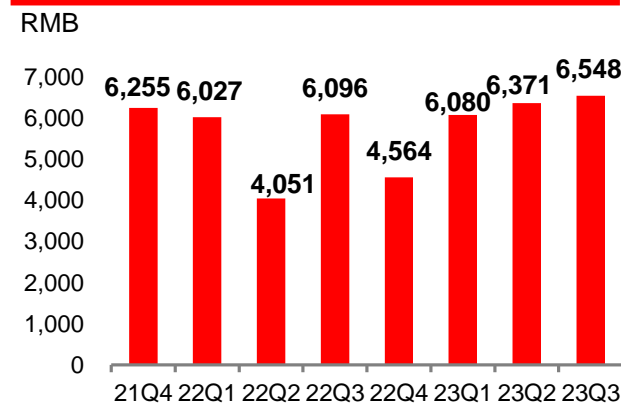
AC (1)



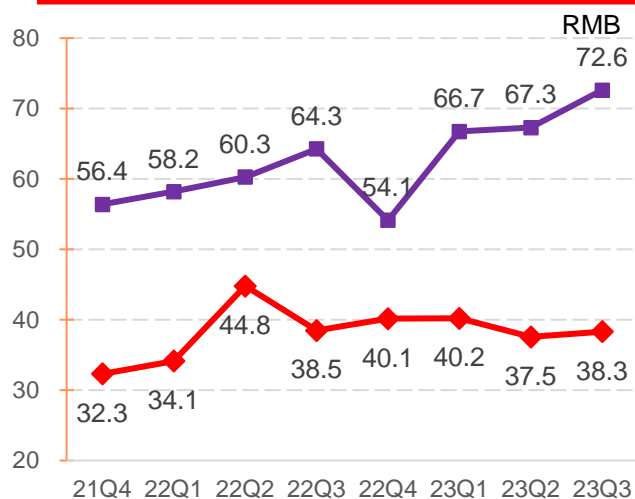
ADT (2)



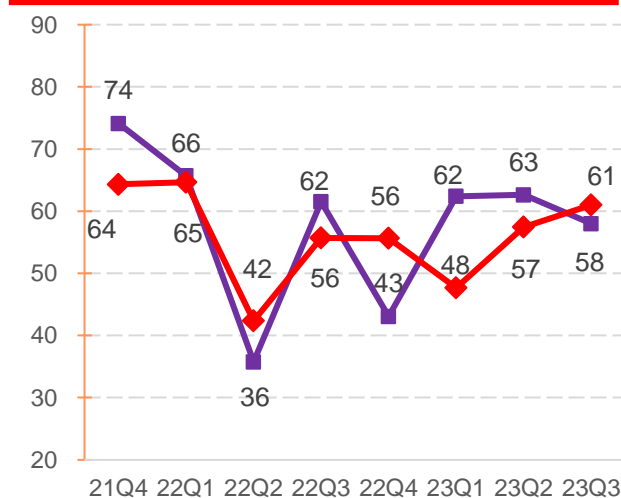
ADS (3)



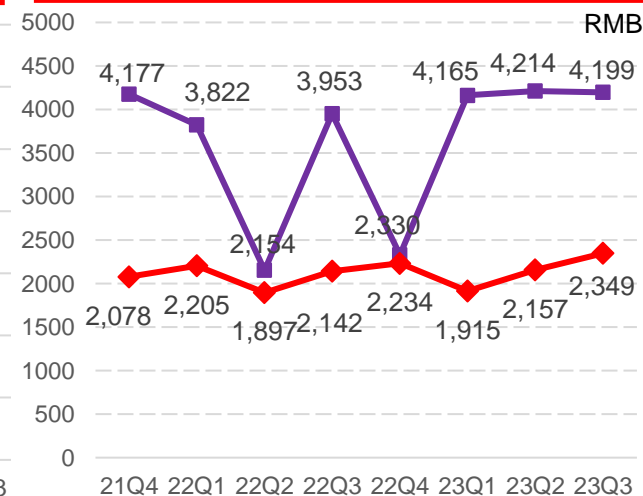
AC (1)



ADT (2)



ADS (3)



Note:

1. AC: Average Check.
2. ADT: Average Daily Tickets.
3. ADS: Average Daily Sales per store.

■ Dine In

■ Delivery



02

2023Q3 Strategic Execution



Further Expansion into Mid-to-Upscale Segment

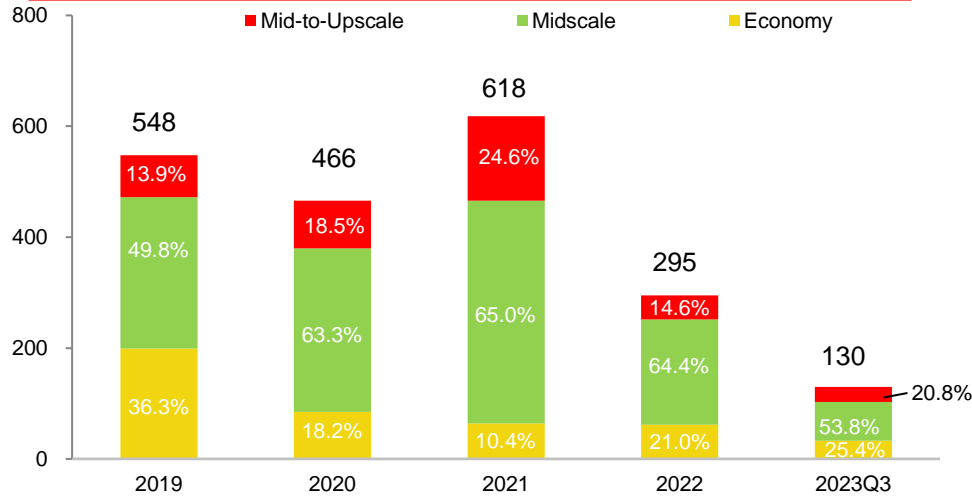


Greater Penetration in Tier 3 and Lower Cities in South China

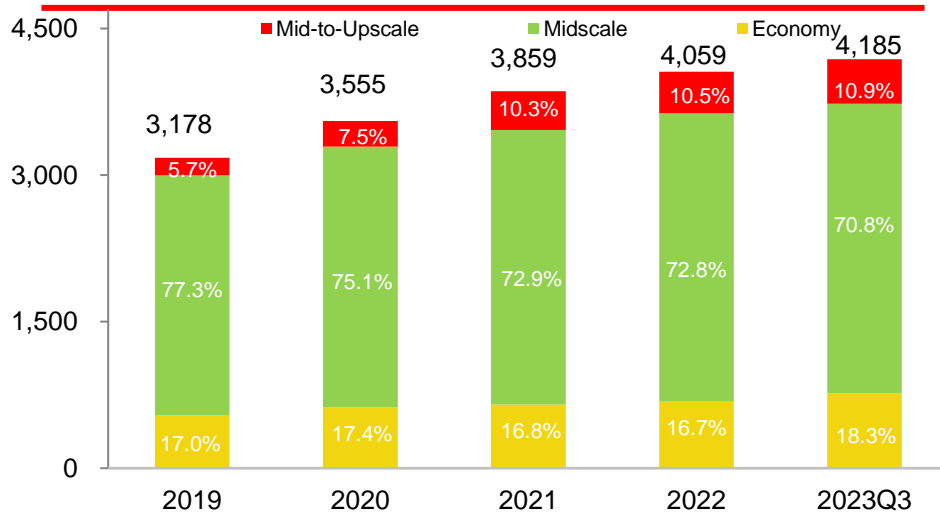
Further Expansion into Mid-to-UpScale Segment



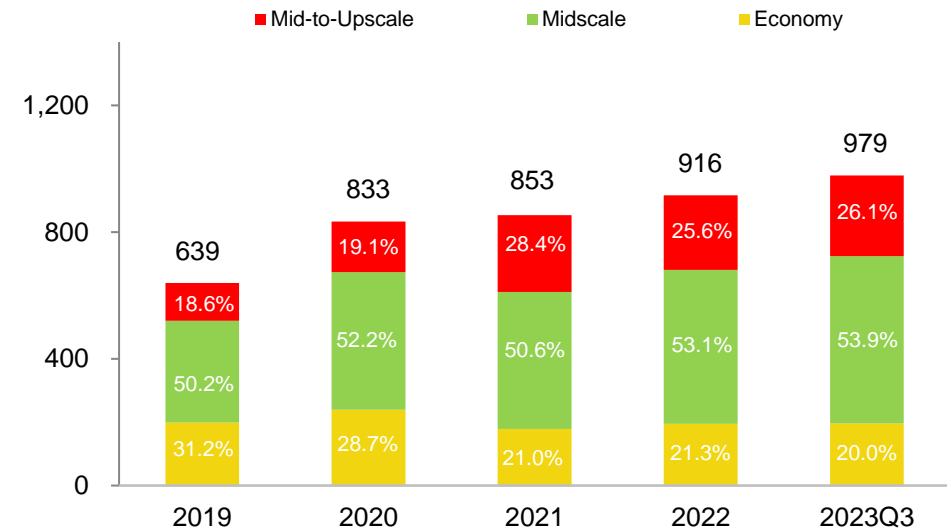
Organic New Openings ⁽¹⁾ Breakdown by Segment



Organic Hotel ⁽²⁾ Breakdown by Segment



Organic Pipeline ⁽³⁾ Breakdown by Segment



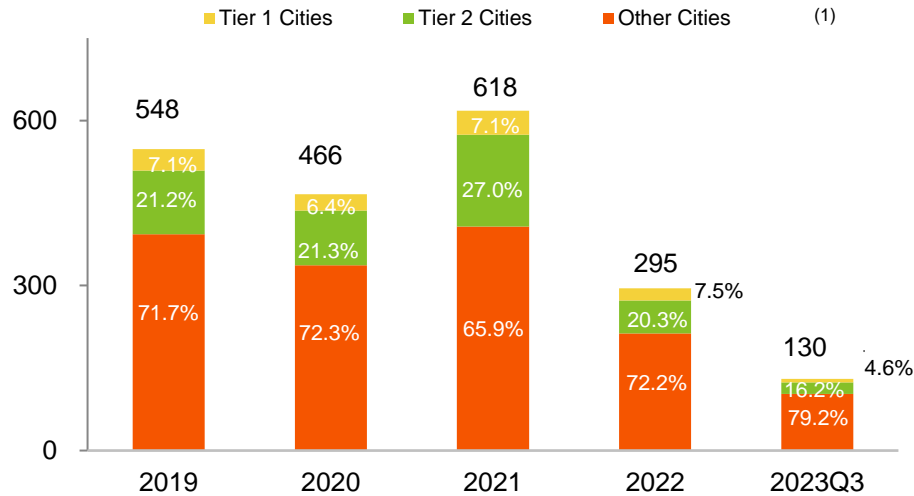
Note:

1. Organic new openings is defined as new openings excluding Argyle's and Urban's new openings.
2. Organic hotel is defined as hotels excluding Argyle's and Urban's hotels.
3. Organic pipeline is defined as pipeline excluding Argyle's and Urban's pipeline.

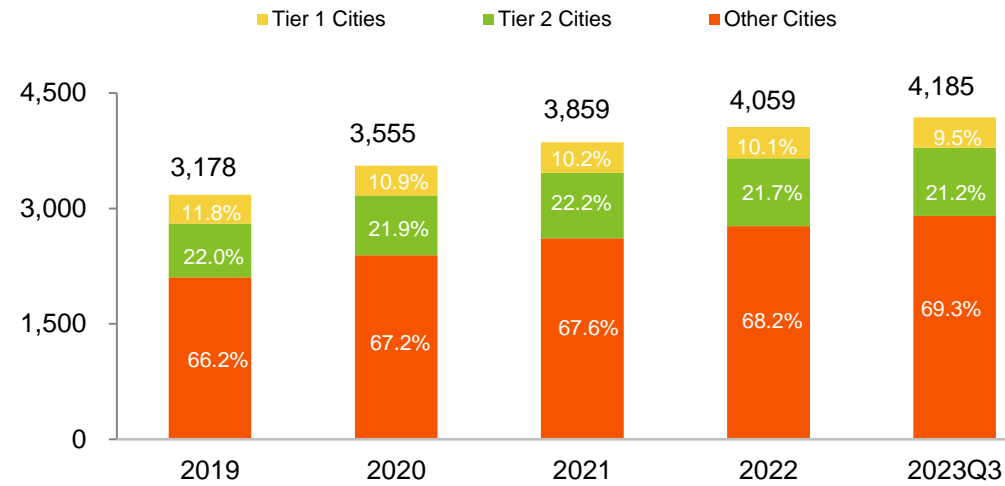
Greater Penetration in Tier 3 and Lower Cities



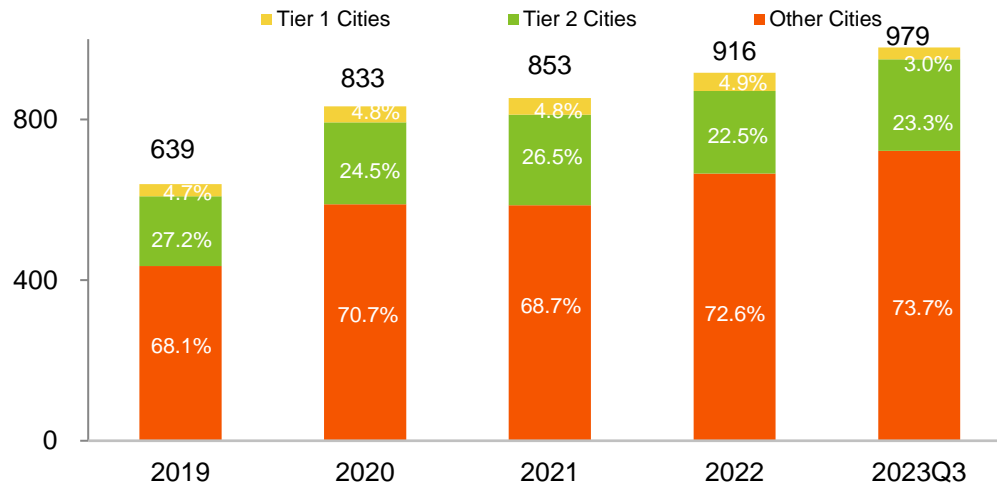
Organic New Openings Breakdown by City Tier



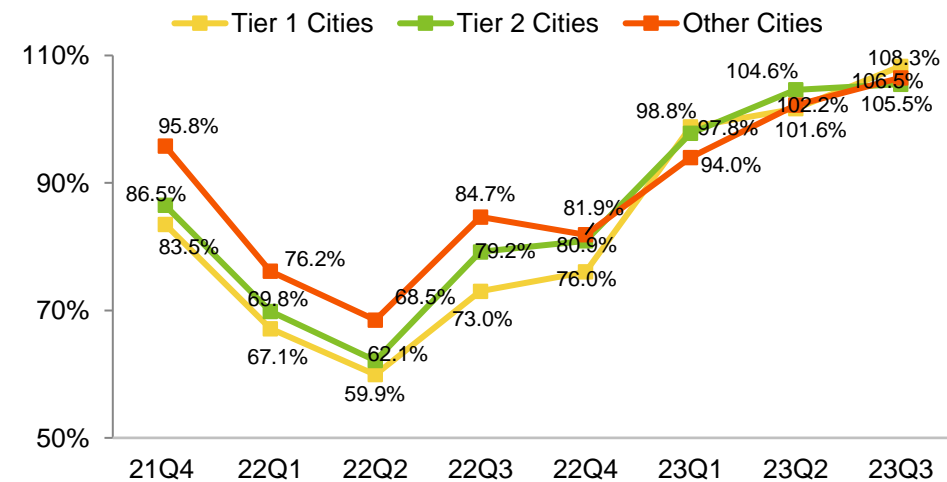
Organic Hotel Breakdown by City Tier



Organic Pipeline Breakdown by City Tier



RevPAR Recovery % by City Tier compared with 2019



Note:

1. Tier 1 Cities refers to Beijing, Shanghai, Shenzhen and Guangzhou; Tier 2 Cities refers to the 32 major cities, other than Tier 1 Cities, including provincial capitals, administrative capitals of autonomous regions, direct-controlled municipalities and other major cities designated as municipalities with independent planning by the State Council.



**Closure of Unprofitable Stores to
Ensure Restaurant Business
Profitability**



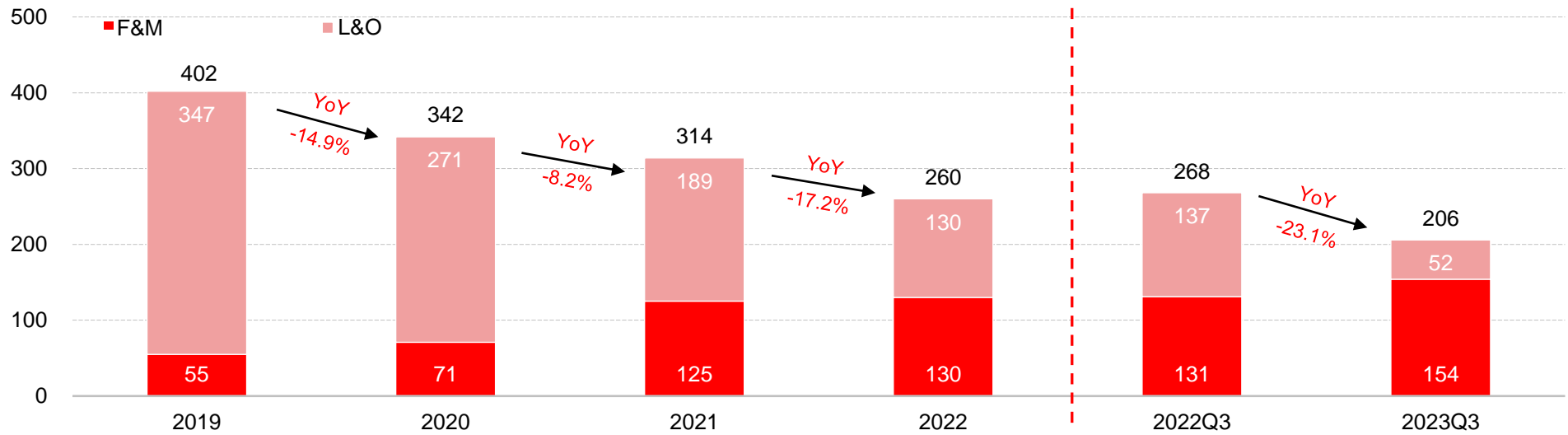
**Increase in Proportion of
Franchised-and-managed
Restaurants**



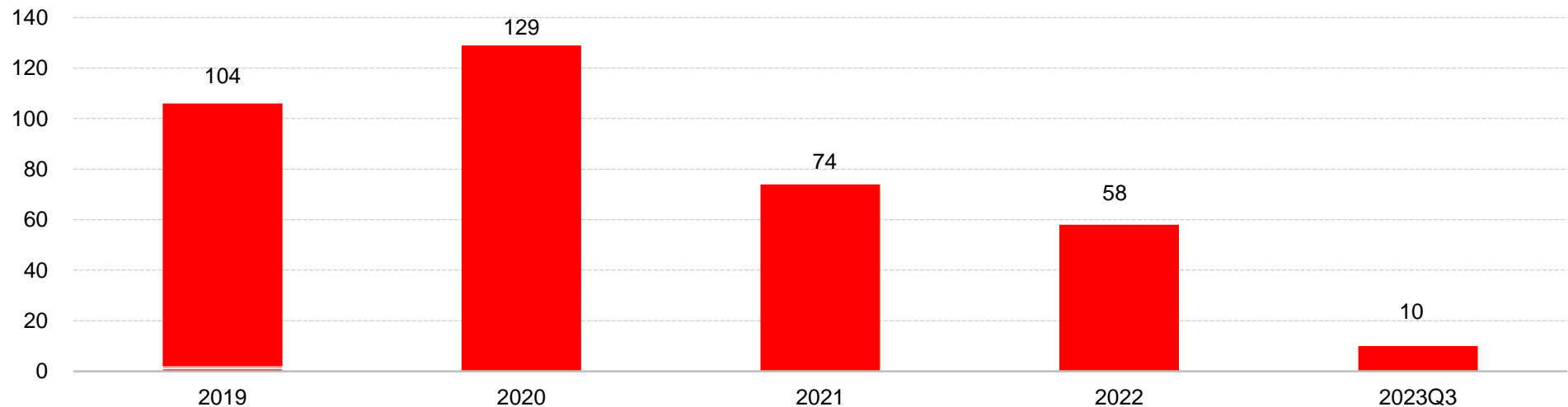
**Expanding Number of Street
Stores**

Closure of Unprofitable Stores to Ensure Restaurant Business Profitability

Close unprofitable L&O stores



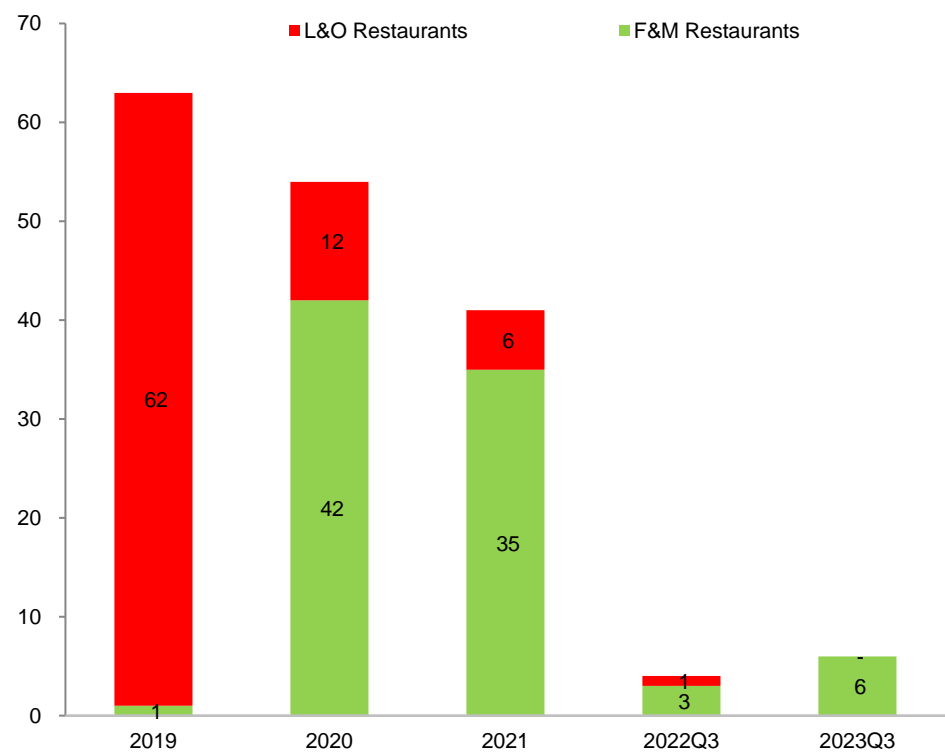
Number of Restaurants Closure



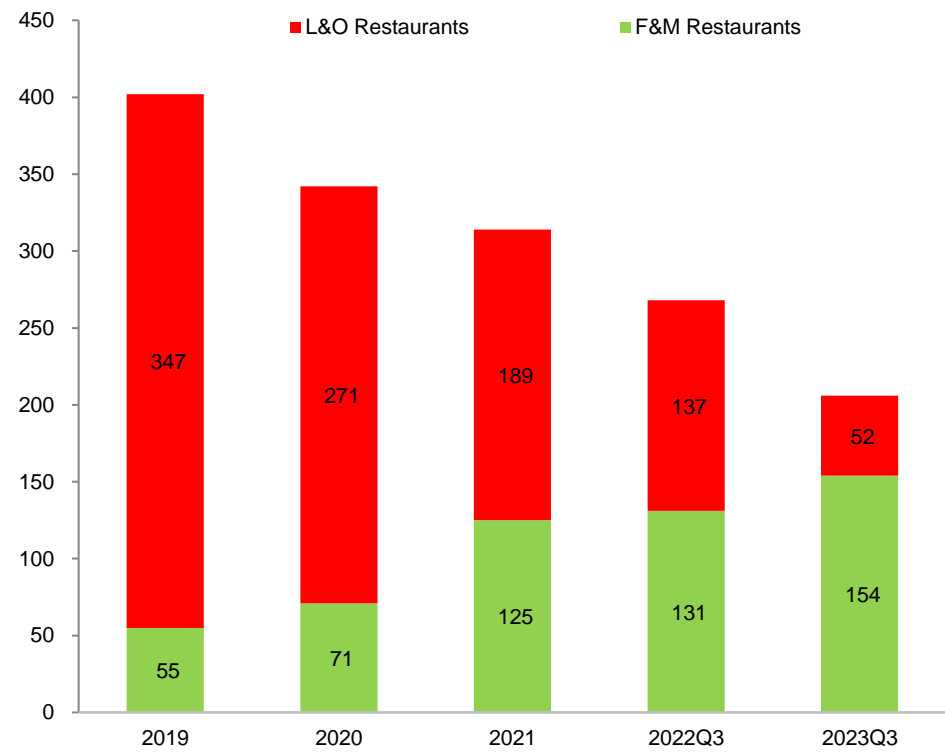
Increase in Proportion of Franchised-and-managed Restaurants



New Openings Breakdown

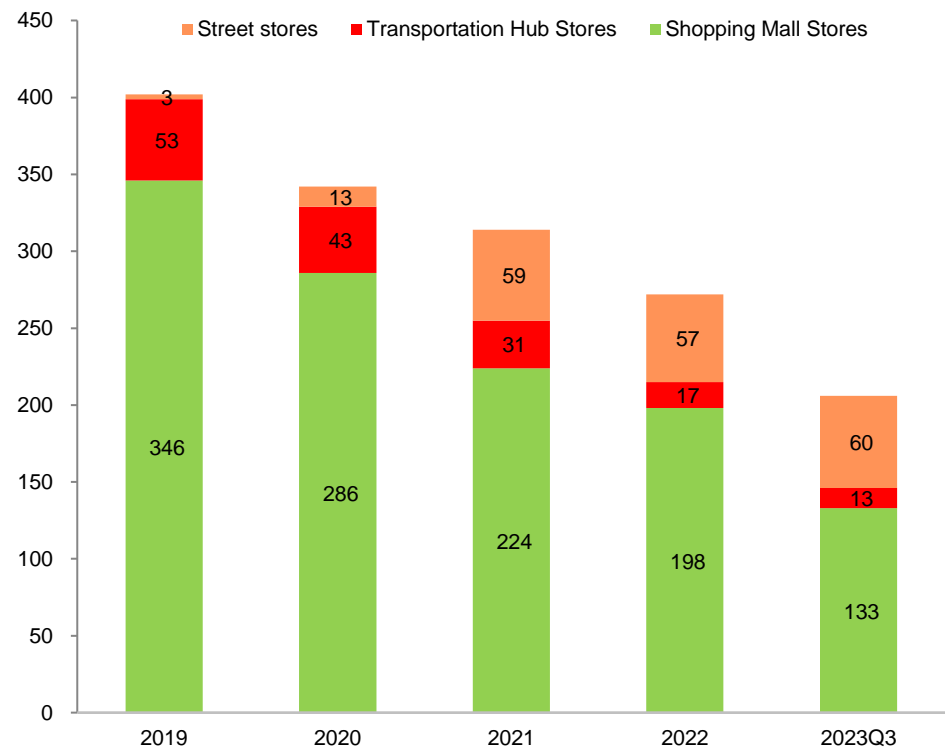


Restaurants Breakdown

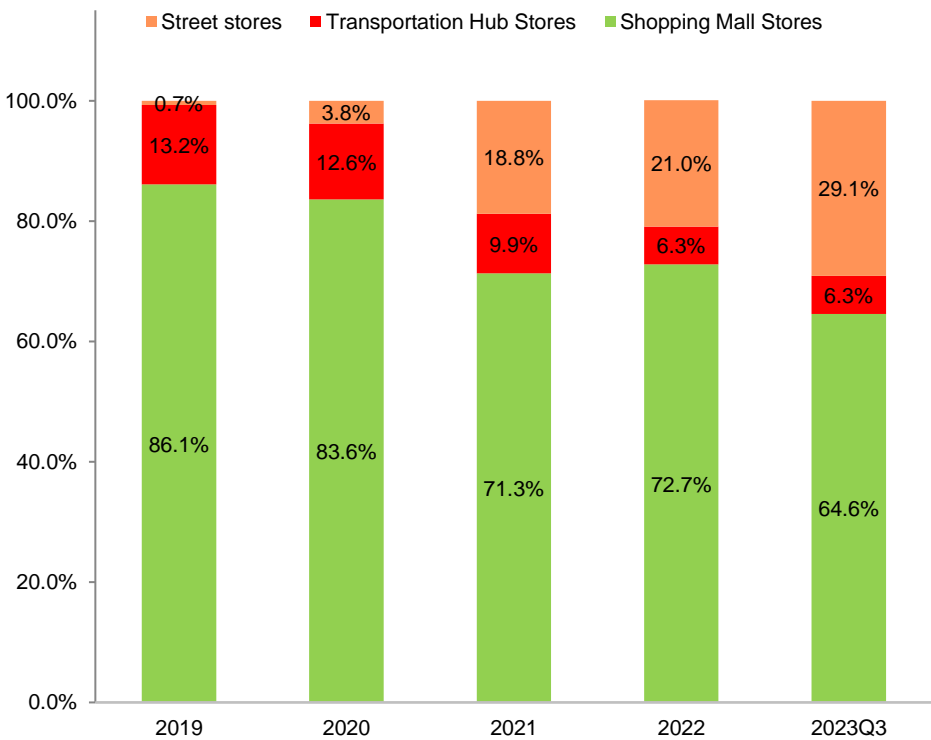




Restaurants Breakdown by Location



Proportion of Restaurants Breakdown by Location





03

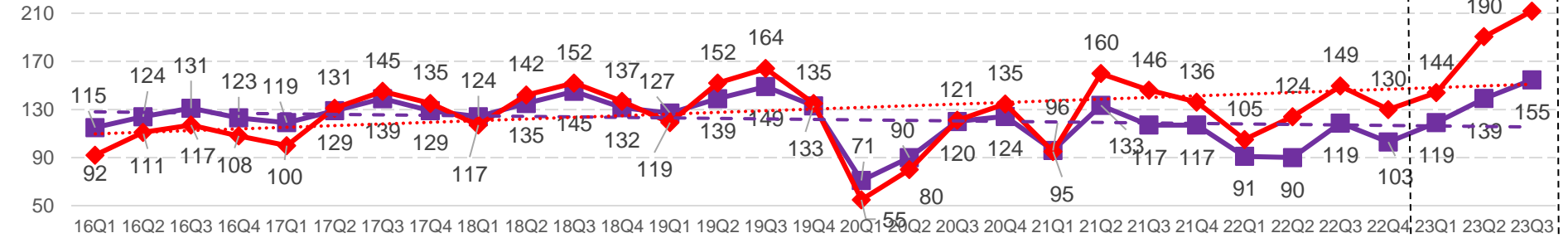
Operating and Financial Highlights

Hotel Performance



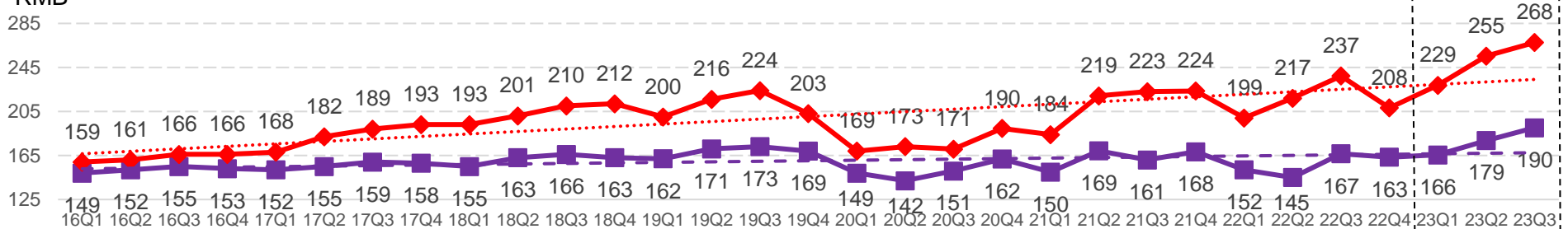
RevPAR

RMB

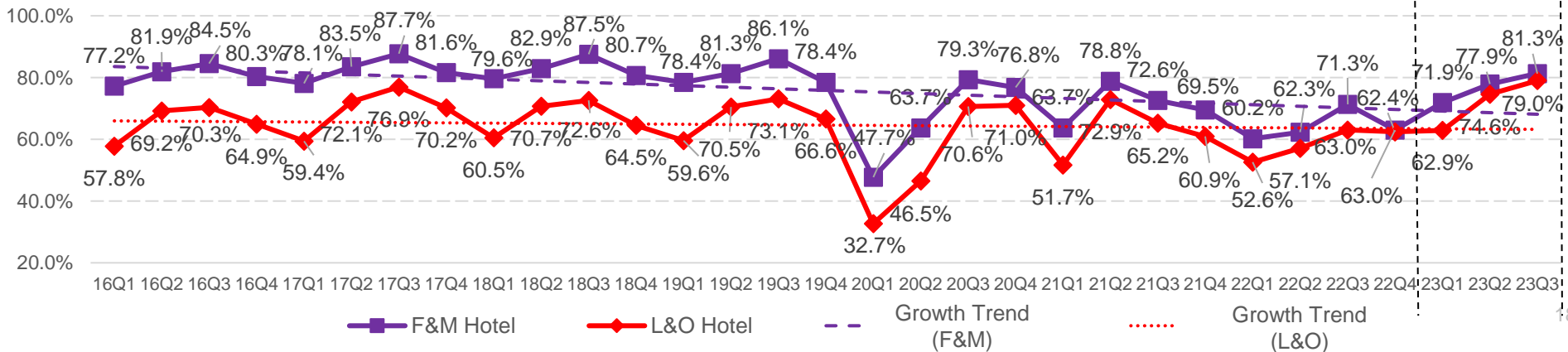


ADR

RMB



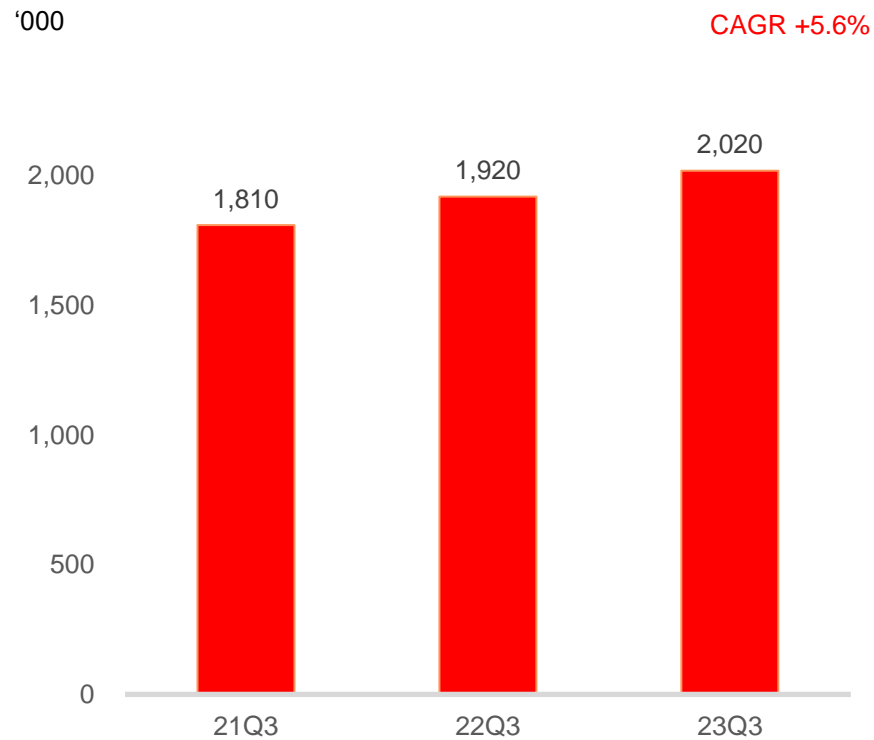
Occupancy



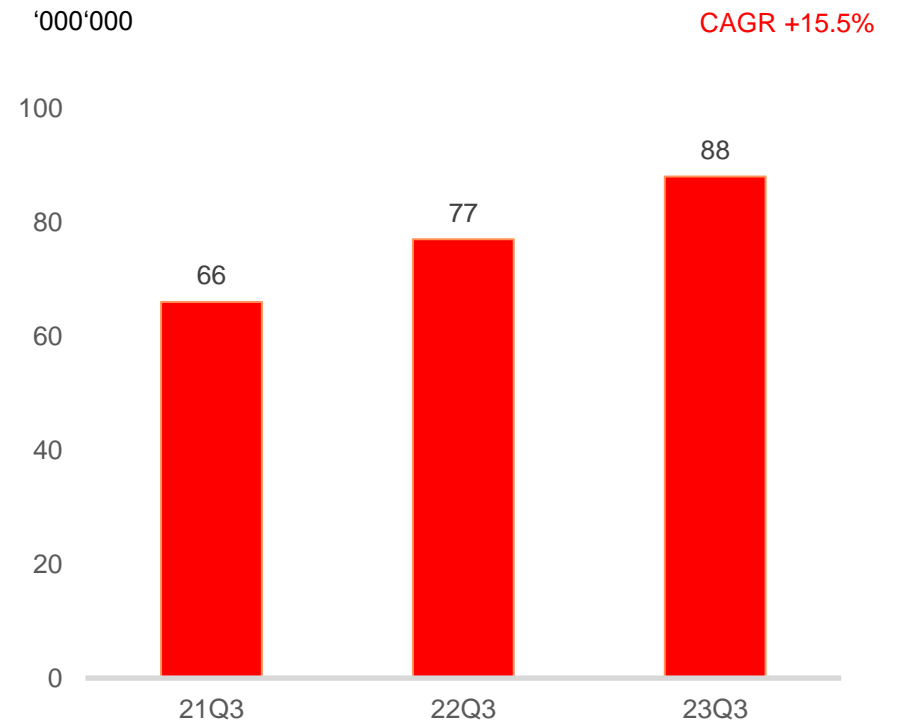
Improvement in Direct Sales and Membership Support



Corporate Members



Individual Members

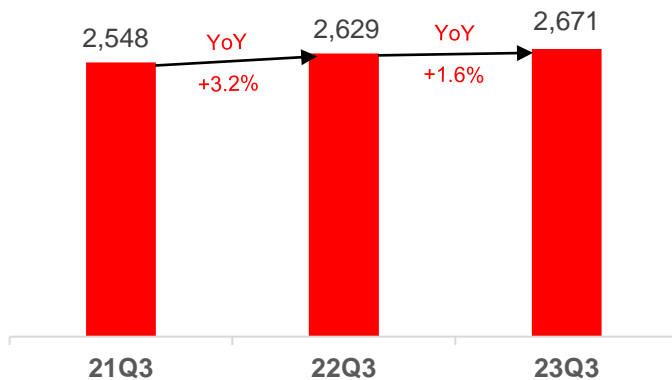


Restaurants Overview of 2023Q3



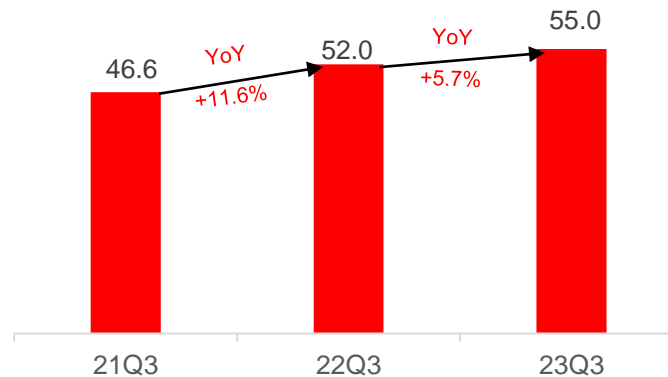
Number of Individual Members

'000

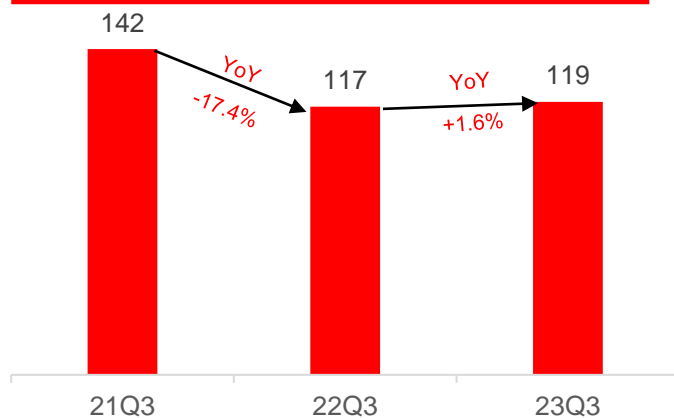


AC

RMB

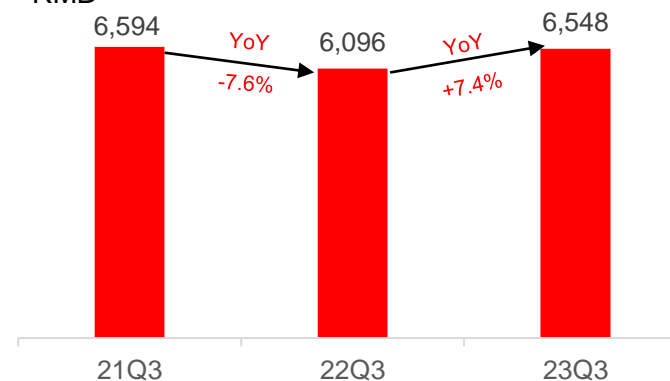


ADT



ADS

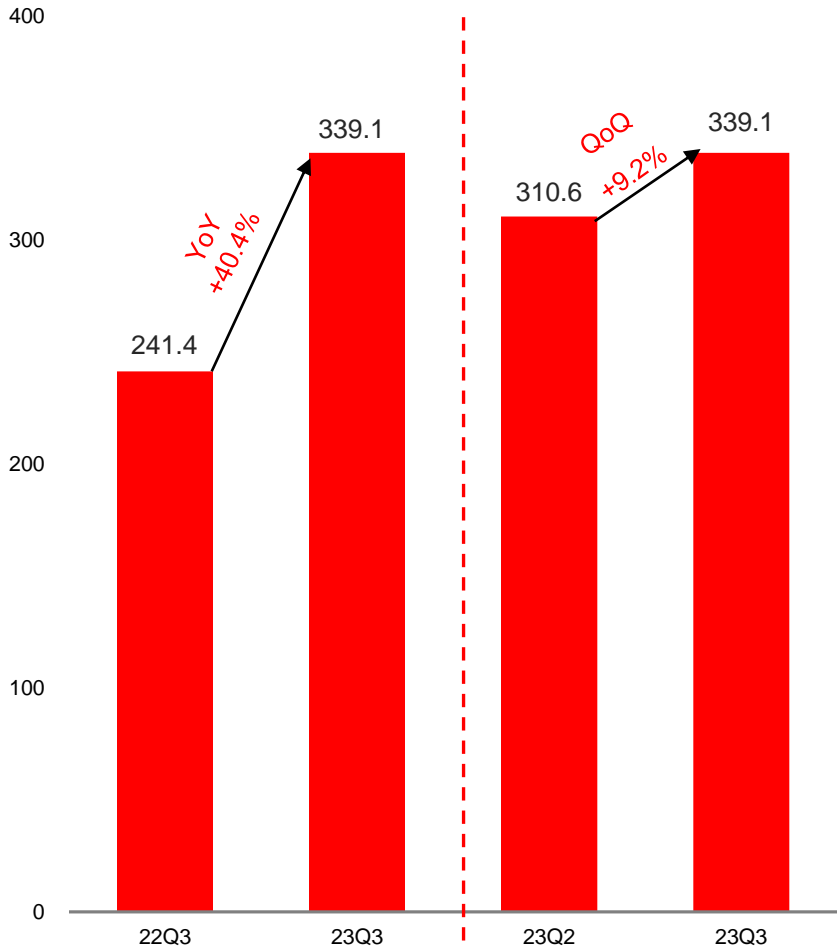
RMB





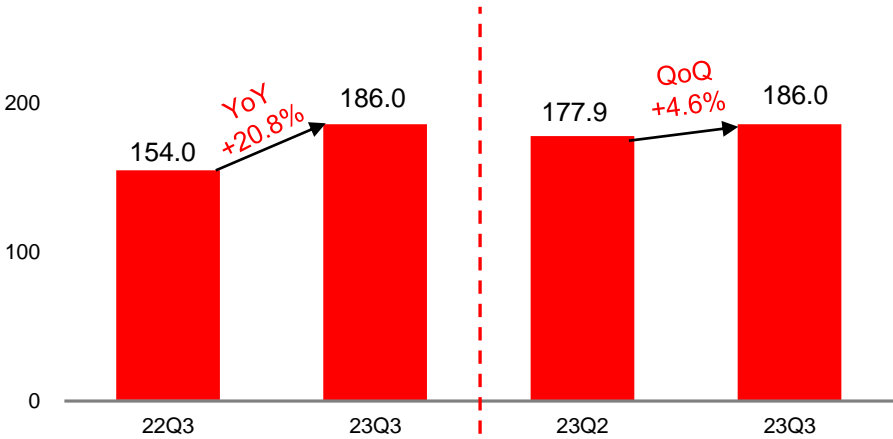
Total Revenue

RMB (M)



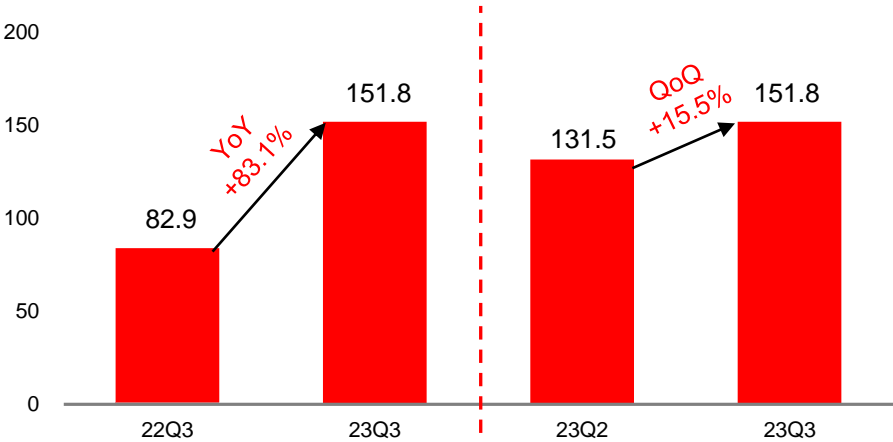
Revenue from F&M Hotels

RMB (M)



Revenue from L&O Hotels

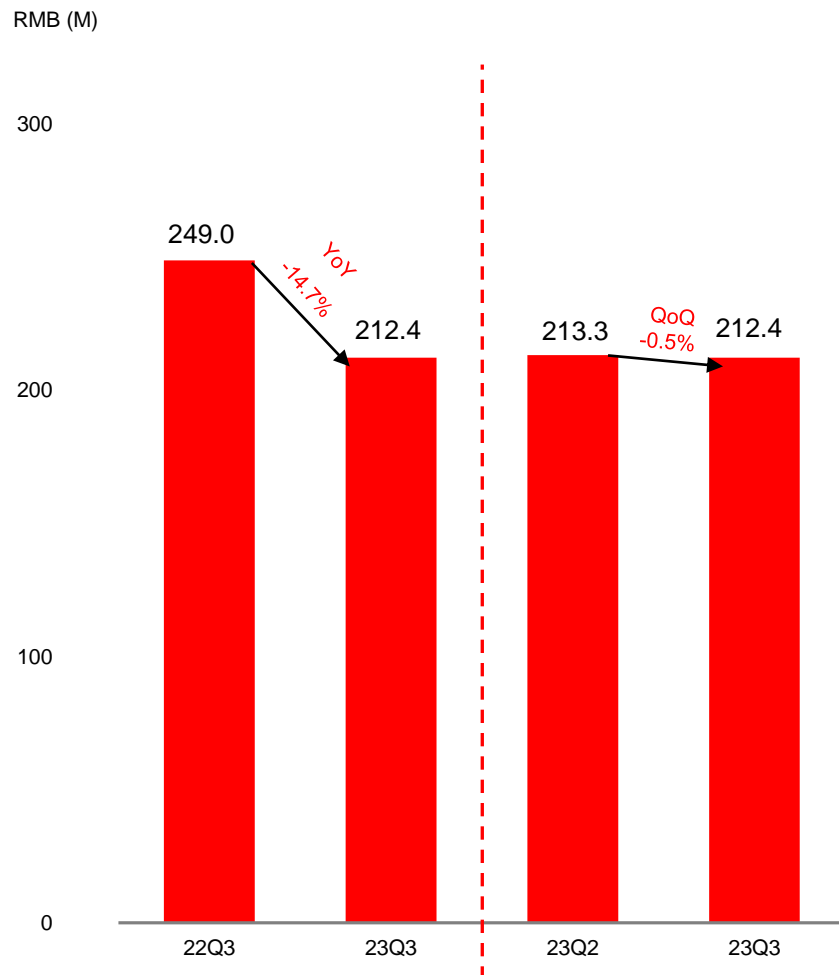
RMB (M)



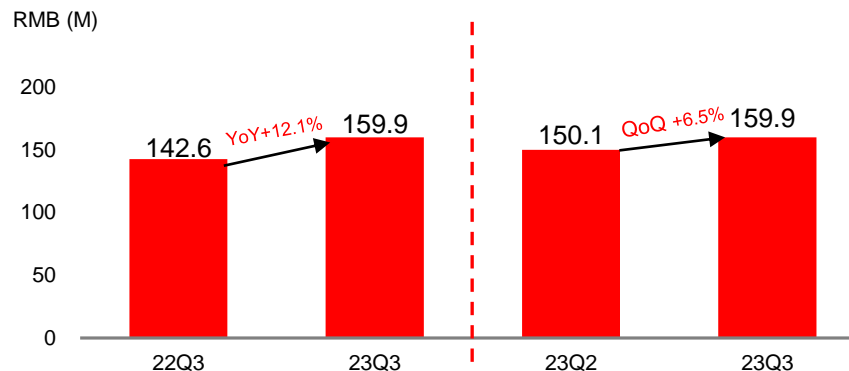
Hotel Operating Costs and Expenses



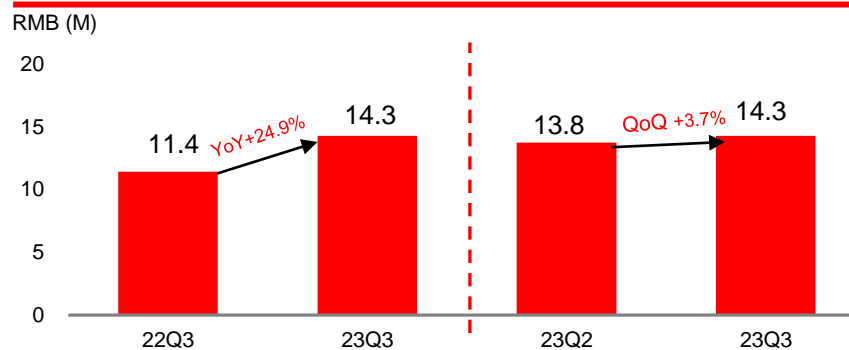
Total Hotel Operating Costs and Expenses (1)



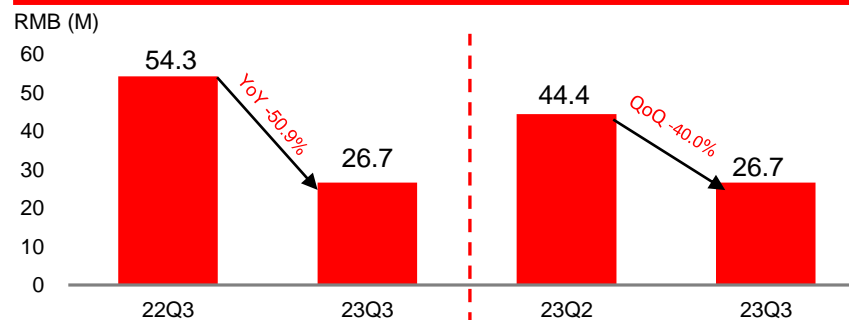
Hotel Operating Costs (2)



Selling and Marketing Expenses



General and Administrative Expenses



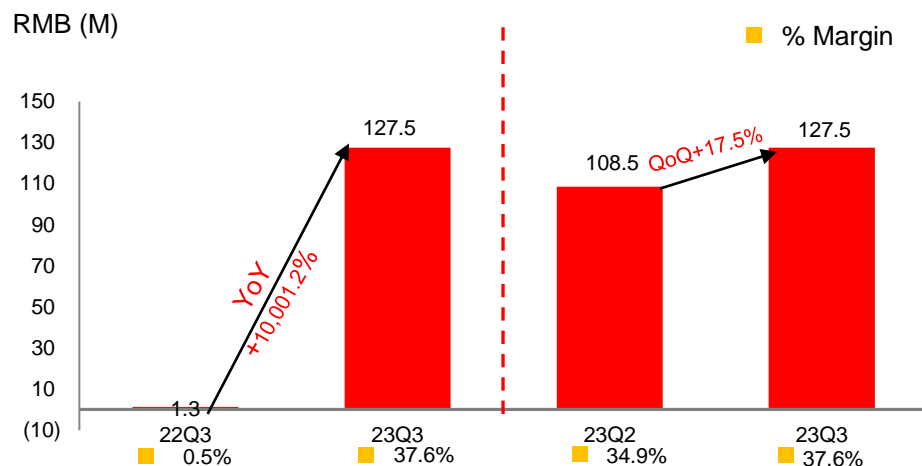
Notes:

1. Total operating costs and expenses consist of hotel operating costs, selling and marketing expenses, general and administrative expenses, other operating expenses and other general expenses. Other general expenses in 2022 included one-time impairment charges for Argyle and Urban, a full provision for the purchase of two properties under Evergrande, and the provisions for loan receivables related to franchisee loans.
2. Apart from LO hotel operating costs, hotel operating costs include FM hotel related costs and other costs.

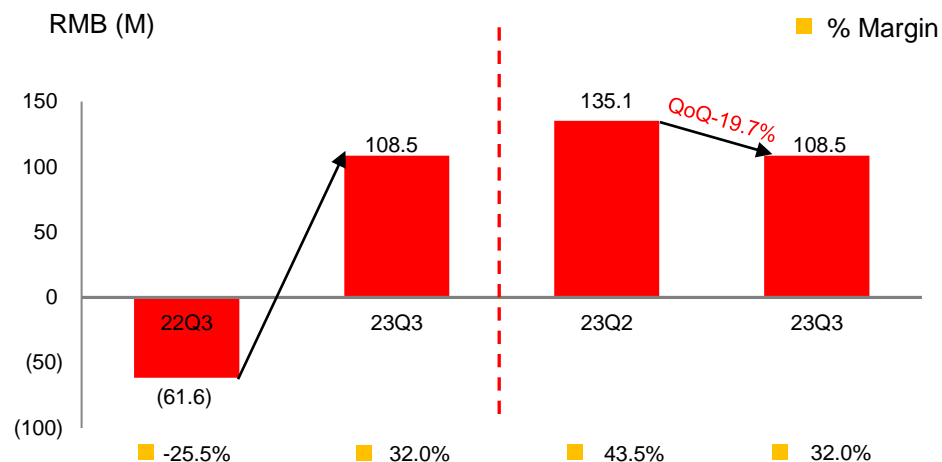
Hotel Profitability



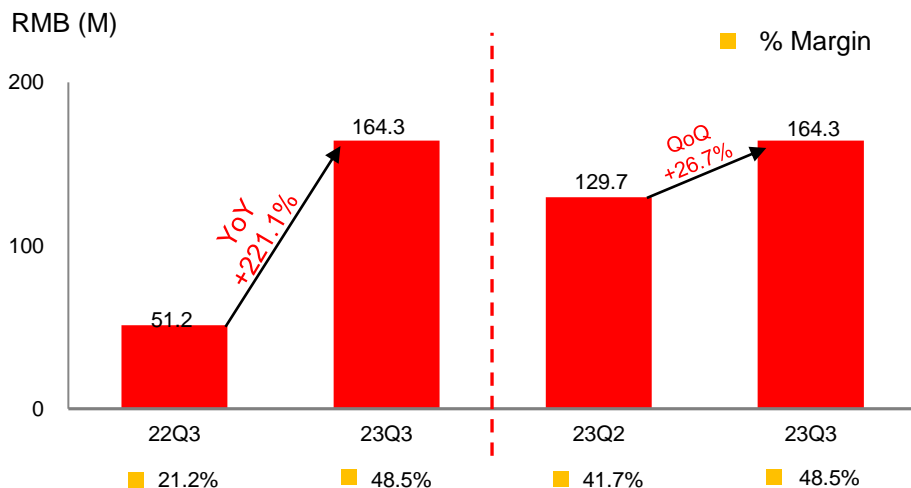
Income from Operations



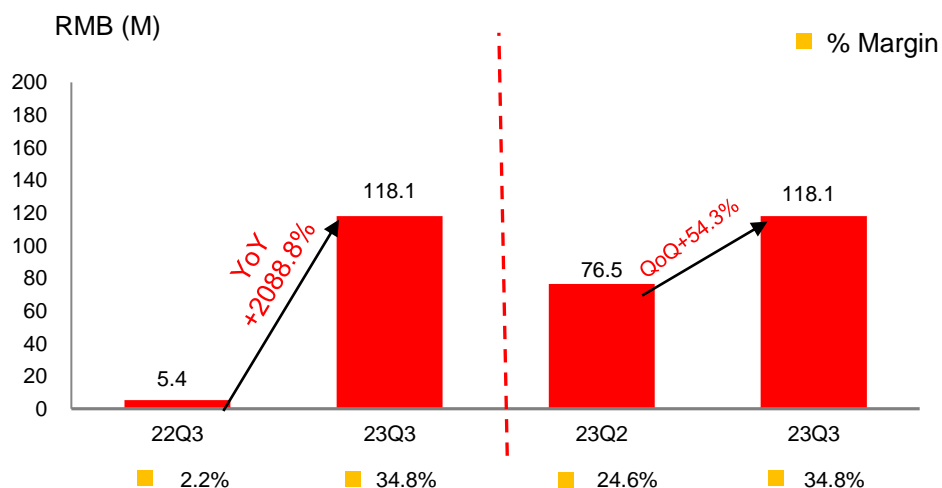
Net Income



Adjusted EBITDA (1)



Core Net Income (2)



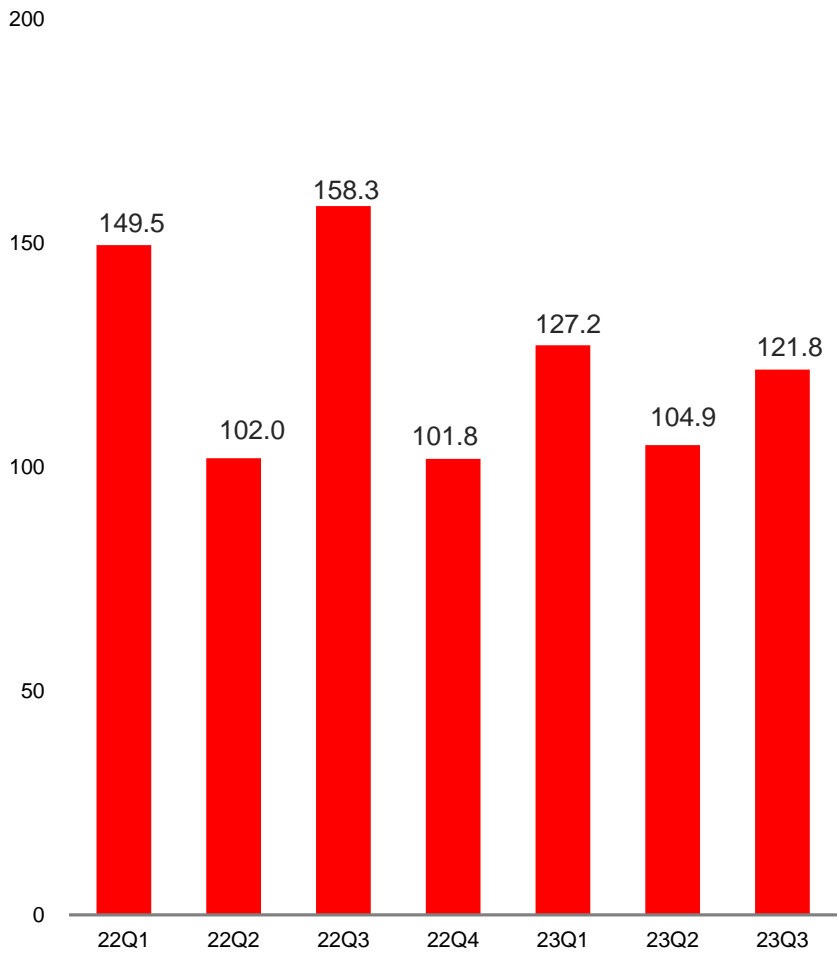
Notes:

- Adjusted EBITDA (non-GAAP) is calculated as net income plus other operating expenses, income tax expense, share of loss in equity investees, net of tax, interest expense, depreciation and amortization, losses from investment in equity securities and other general expenses, but excludes other operating income, interest income and other, net, gains from investment in equity securities, share of gains in equity investees (net of tax), and other income, net. The calculation of Adjusted EBITDA (non-GAAP) included in this report has been aligned according to the above mentioned definition.
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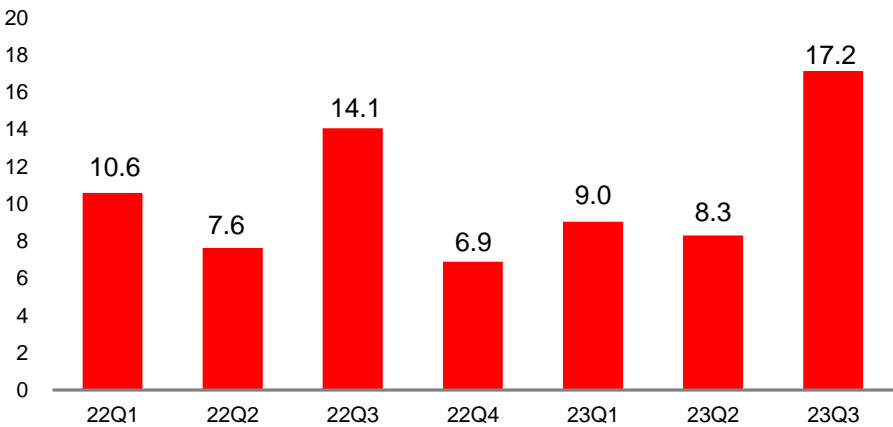
Total Revenue

RMB (M)



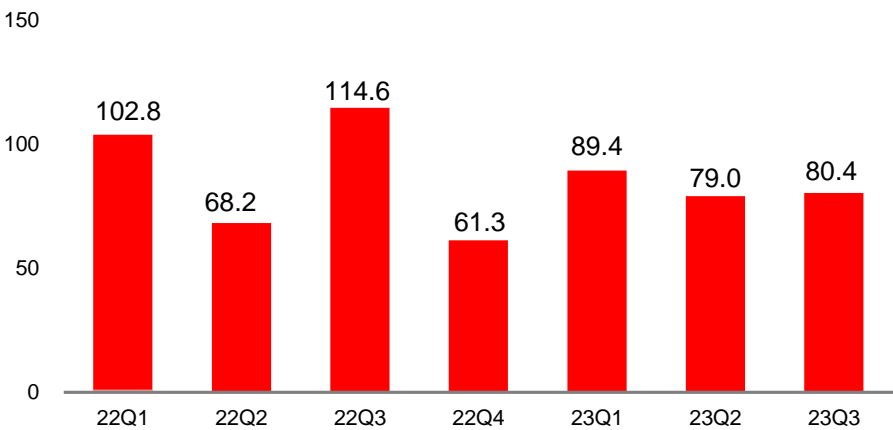
Revenue from F&M Restaurants

RMB (M)



Revenue from L&O Restaurants

RMB (M)

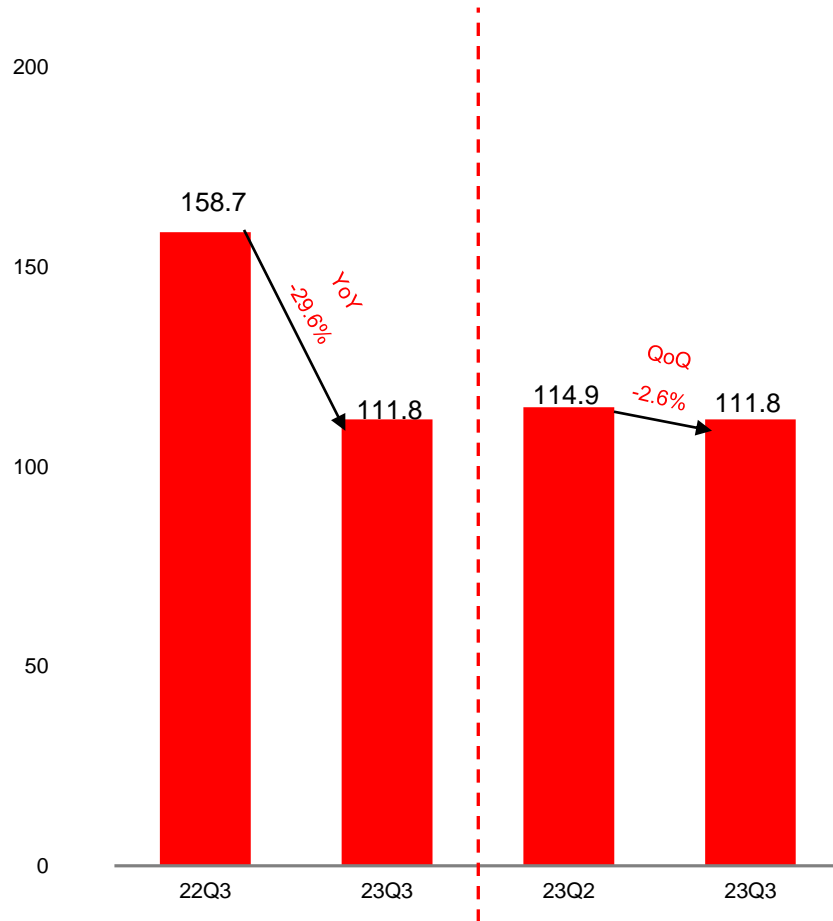


Restaurant Operating Costs and Expenses



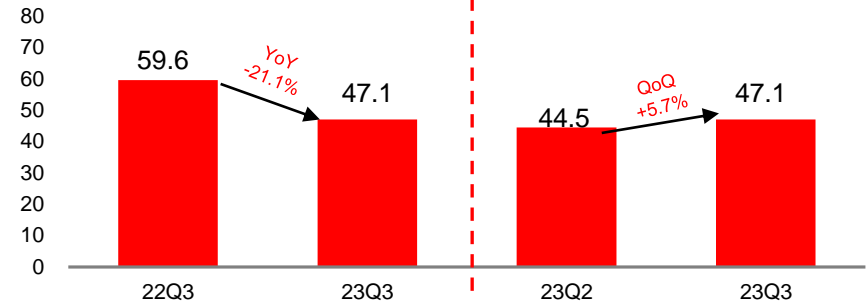
Total Restaurant Operating Costs and Expenses

RMB (M)



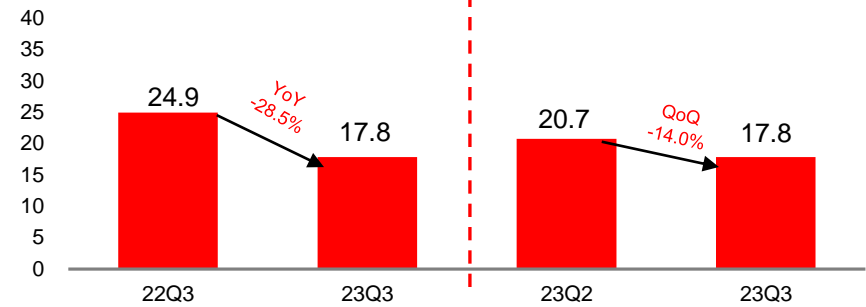
Material cost

RMB (M)



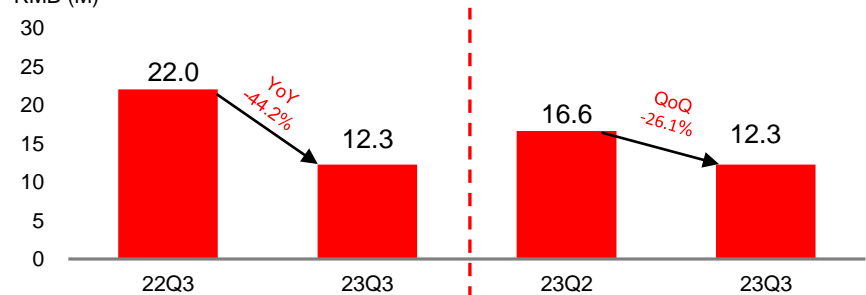
Personnel cost

RMB (M)



Rent

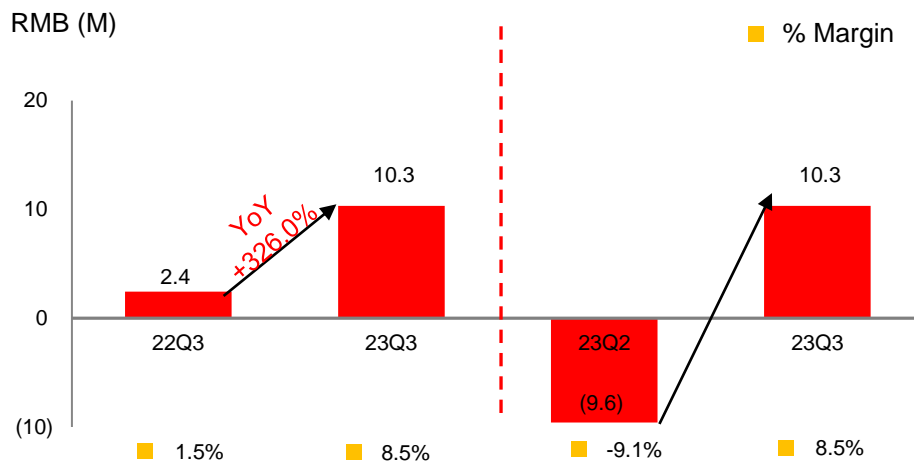
RMB (M)



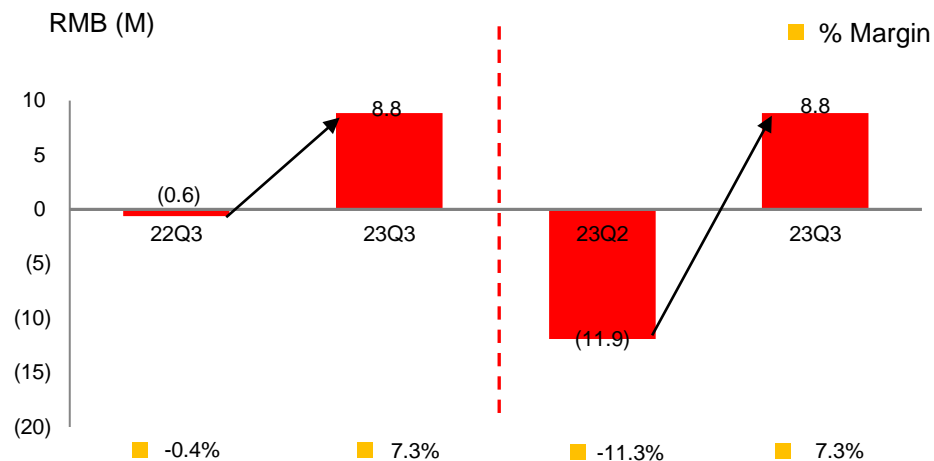
Restaurant Profitability



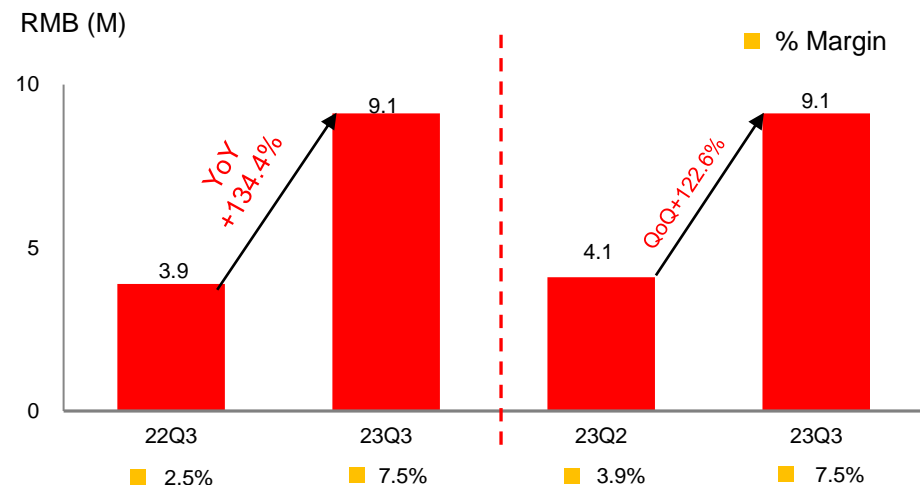
Income from Operations



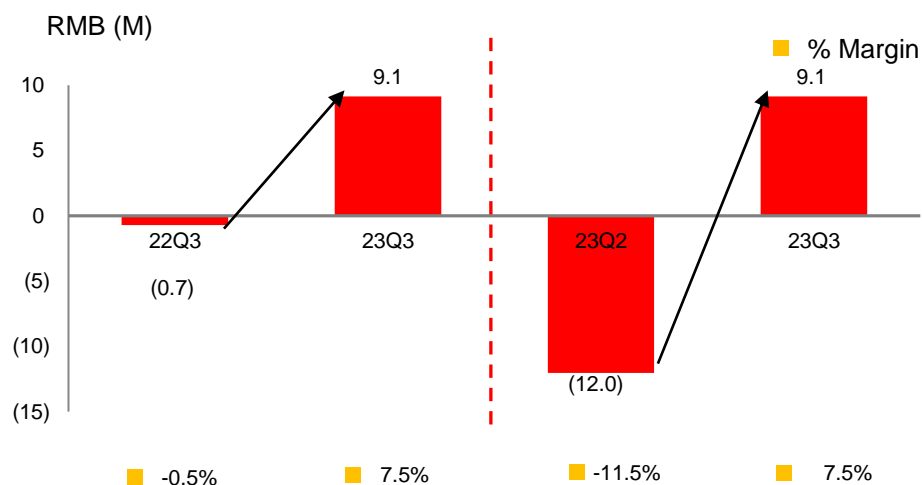
Net Income



Adjusted EBITDA (1)



Core Net Income (2)

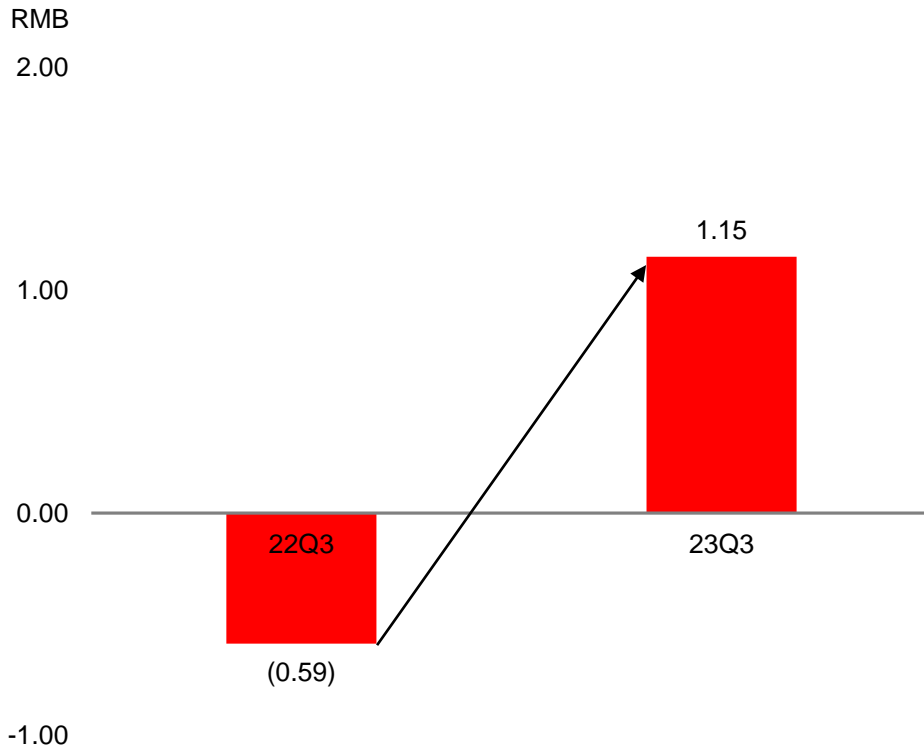


Notes:

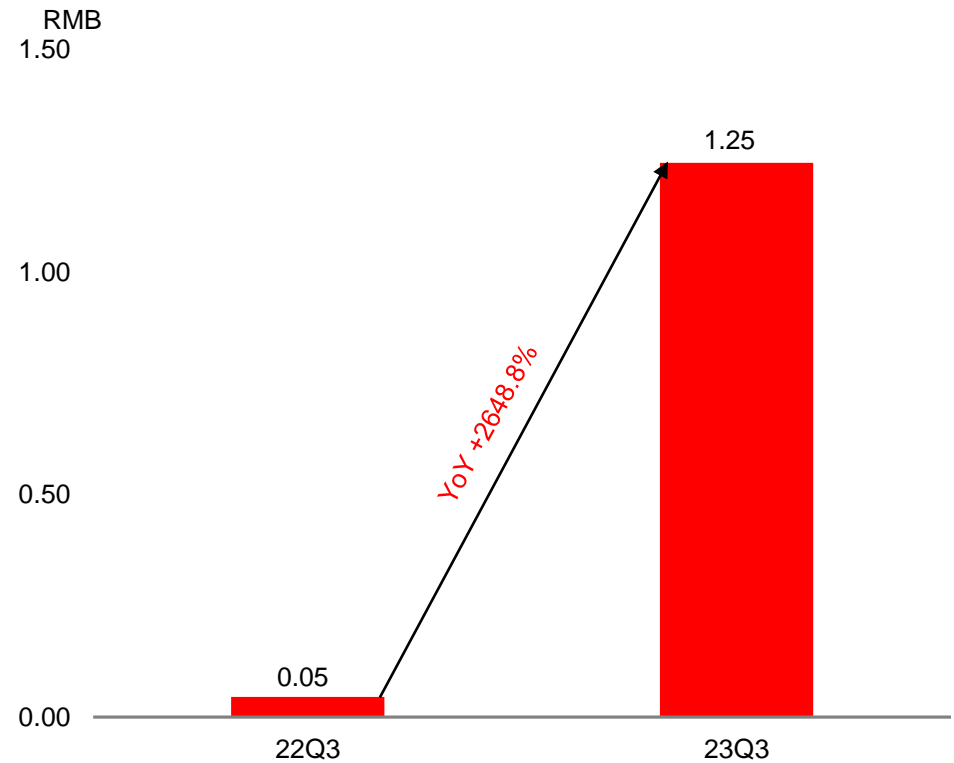
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Net Income per ADS (Basic and Diluted) ⁽¹⁾



Core Net Income per ADS (Basic and Diluted) (Non-GAAP) ⁽²⁾



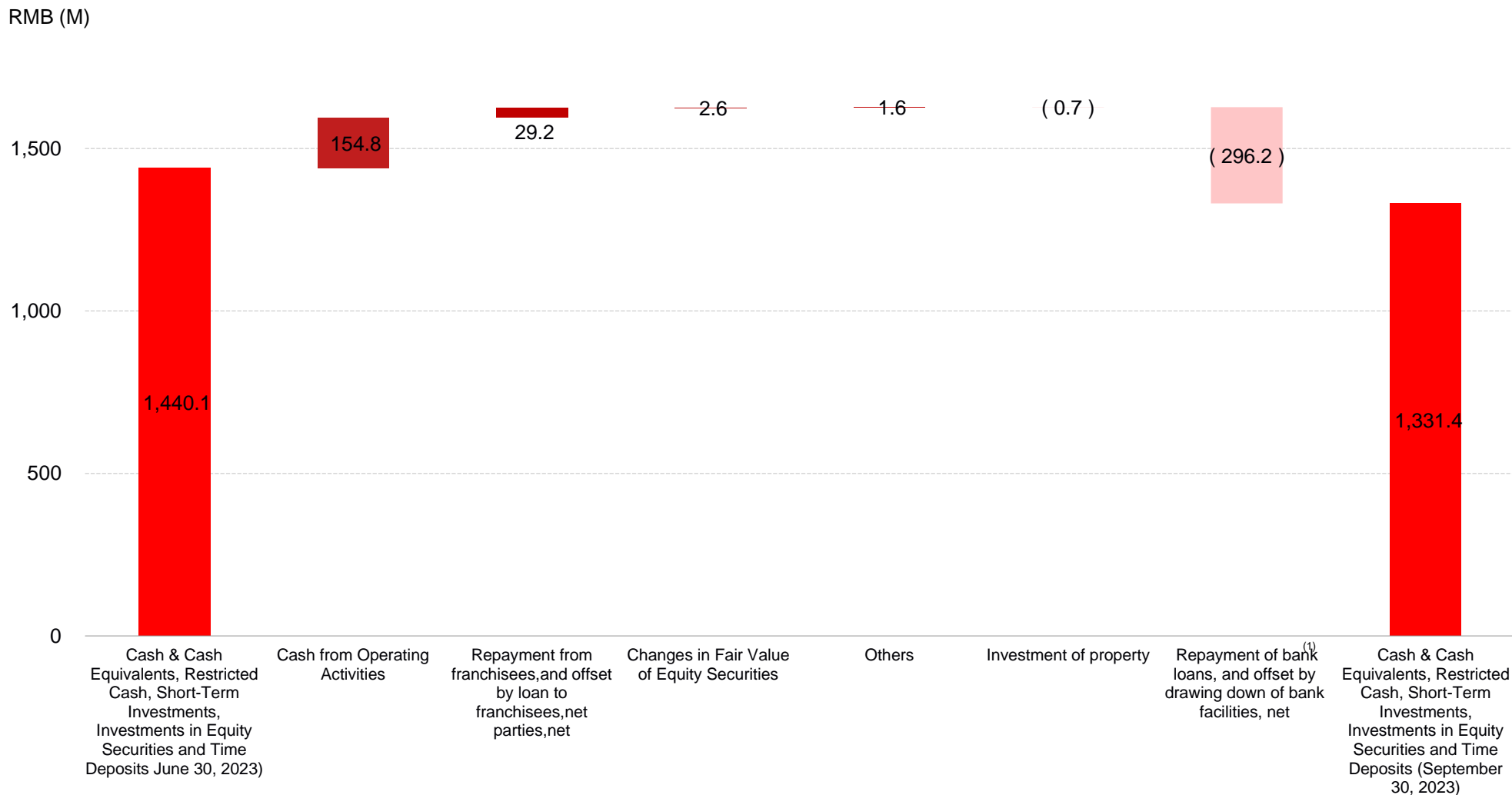
Notes:

1. EPS, Earnings per ADS (basic and diluted) was calculated as net (loss) income attributable to ordinary shareholders divided by weighted average shares outstanding.
2. Core net income is calculated as net income plus share-based compensation, losses from investments in equity securities (net of 25% tax), one-time fees and expense and asset other general expenses but excludes government subsidies (net of 25% tax), gains from investment in equity securities (net of 25% tax), and other income (net of 25% tax).

Cash and Cash Equivalents



Total cash and cash equivalents, restricted cash, short-term investments, investments in equity securities and time deposits of **RMB 1331.4 Million** as of September 30, 2023



Note:

1. Other mainly include Capital contribution from non-controlling interest holders, effect of exchange rate changes on cash and cash equivalents, etc.



Guidance

- *Based on our performance in the first nine months of this year, we revise our full year 2023 guidance for the total revenues of our organic hotels upwards. We now expect them to grow 36% to 38% year-over-year. We expect total combined revenues from our restaurant and organic hotel businesses, for the full year of 2023 to grow 17%-19% over the 2022 levels, reflecting the impact of the closure of restaurants.*

Share Repurchase Transaction

- *In October 2023, the Company repurchased 554,158 of its ADSs from a single investor at a price of US\$4.40 per ADSs, for a total consideration of US\$2,438,295.20, in a privately negotiated transaction. The repurchase was made under the auspices of the Company's share repurchase program, which was authorized by its board of directors in October 2023.*

Thank you!
Q&A





As of September 30, 2023

Mid-to-Up-Scale

- Hotels in operation: 455
- Hotel rooms in operation: 43,485
- Room rates: RMB 200 - 600

Mid-Scale

- Hotels in operation: 2,965
- Hotel rooms in operation: 230,655
- Room rates: RMB 150 - 400

Economy

- Hotels in operation: 765
- Hotel rooms in operation: 32,870
- Room rates: RMB 90 - 300



Hotel Breakdown



By Market Segment and Brand	Number of Hotels in Operation		Number of Hotel Rooms in Operation	
	2022Q3	2023Q3	2022Q3	2023Q3
Mid-to-up-scale	544	455	48,381	43,485
GreenTree Eastern	210	224	22,598	23,639
Deep Sleep Hotel	7	7	467	534
Gem	52	61	4,728	5,372
Gya	67	71	5,719	5,899
Vx	85	92	7,405	8,041
Urban Garden and others	123	-	7,464	-
Mid-scale	3,050	2,965	236,871	230,655
GreenTree Inn	2,255	2,282	182,842	182,041
GT Alliance	533	552	38,312	39,379
GreenTree Apartment	19	20	1,260	1,308
Vatica	111	111	8,007	7,927
City 118 Selected and others	132	-	6,450	-
Economy	1,169	765	51,859	32,870
Shell	668	765	28,917	32,870
City 118 and others	501	-	22,942	-
Total	4,763	4,185	337,111	307,010

Hotel Operating Data



	2022Q3	2023Q3
Total hotels in operation	4,763	4,185
Leased-and-owned hotels	69	64
Franchised hotels	4,694	4,121
Total hotel rooms in operation	337,111	307,010
Leased-and-owned hotels	7,224	7,093
Franchised hotels	329,887	299,917
Number of cities	370	354

	2022Q3	2023Q3
Occupancy rate		
Leased-and-owned hotels	63.0%	79.0%
Franchised hotels	71.3%	81.3%
Blended	71.1%	81.2%
Average daily rate (in RMB)		
Leased-and-owned hotels	237	268
Franchised hotels	167	190
Blended	168	192
RevPAR (in RMB)		
Leased-and-owned hotels	149	212
Franchised hotels	119	155
Blended	120	156

Restaurants Operating Data



	2022Q3	2023Q3
Total restaurants in operation	268	206
Leased-and-owned restaurants	137	52
Franchised restaurants	131	154
Number of cities	64	53

	2022Q3	2023Q3
ADT		
Dine In	62	58
Delivery	56	61
Blended	117	119
AC (in RMB)		
Dine In	64	73
Delivery	38	38
Blended	52	55
ADS (in RMB)		
Dine In	3,953	4,199
Delivery	2,142	2,349
Blended	6,096	6,548

Restaurants Operating Data



	2022Q3	2023Q3
ADT		
Leased-and-owned restaurants	137	161
Franchised restaurants	97	105
Blended	117	119
AC (in RMB)		
Leased-and-owned restaurants	58	86
Franchised restaurants	42	39
Blended	52	55
ADS (in RMB)		
Leased-and-owned restaurants	8,004	13,740
Franchised restaurants	4,101	4,119
Blended	6,096	6,548