



GreenTree Hospitality Group



First Half 2023 Results

September 19, 2023

格林东方酒店
GreenTree Oriental Hotel

慈奥酒店
CIM HOTEL

格雅酒店
GYA HOTEL

格菲酒店
VX HOTEL

天眠酒店
MUSE BLUE HOTEL

格丽酒店
GELI HOTEL

格林豪泰酒店
GREENTREE INN

格林公寓
GreenTree Apartment

格盟酒店
GreenTree Alliance Hotel

Vatica
Vatica Hotel

贝壳酒店
ShellHotel

悦来酒店
YUE LAI HOTEL

鹿港小镇
Lùkǎng Xiǎozhèn



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Our historical results are not necessarily indicative of results to be expected for any future period. The financial data contained in this presentation for the periods and as of the dates indicated are qualified by reference to and should be read in conjunction with our financial statements and related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our public filings with the U.S. Securities and Exchange Commission (the “SEC”).

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.



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**First Half 2023
Performance Review**

02



**First Half 2023
Strategic Execution:
Hotel Business and
Restaurant Business**

03



**First Half 2023
Operating and
Financial Highlights:
Hotel Business and
Restaurant Business**

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Appendix



01

First Half 2023 Performance Review

First Half 2023 (H1) Highlights



	RMB	Compared with 2022 H1 ⁽¹⁾
RevPAR	130	Up 35.8%
ADS(Average Daily Sales Per Store)	6,213	Up 22.9%
Total Revenues	794.2MM	Up 12.1%
Income from Operations	150.9MM	Turn positive with margin 19.0%
Net Income	177.3MM	Turn positive with margin 22.3%
Adjusted EBITDA (Non-GAAP) ⁽²⁾	226.9MM	Up 137.8% with margin 28.6%
Core Net Income (Non-GAAP) ⁽³⁾	136.1MM	Up 65.2% with margin 17.1%
Cash Provided by Operating Activities	313.1MM	Up 117.5%

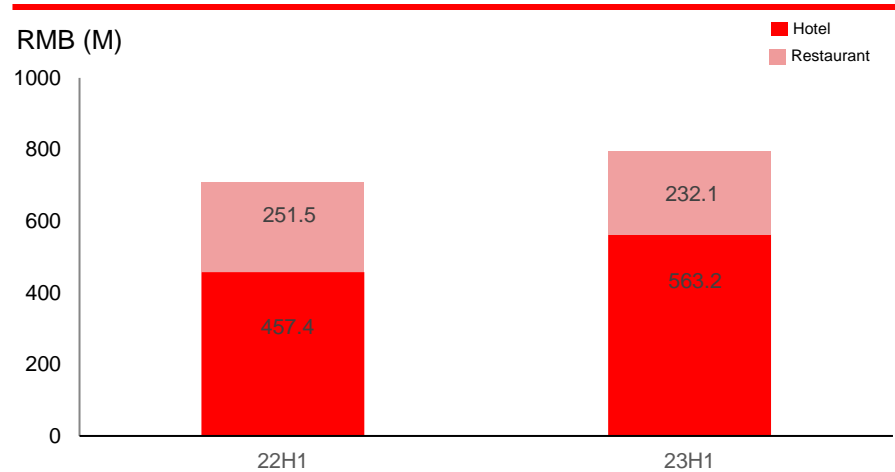
Note:

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 provision for bad debt, 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 abovementioned 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 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).

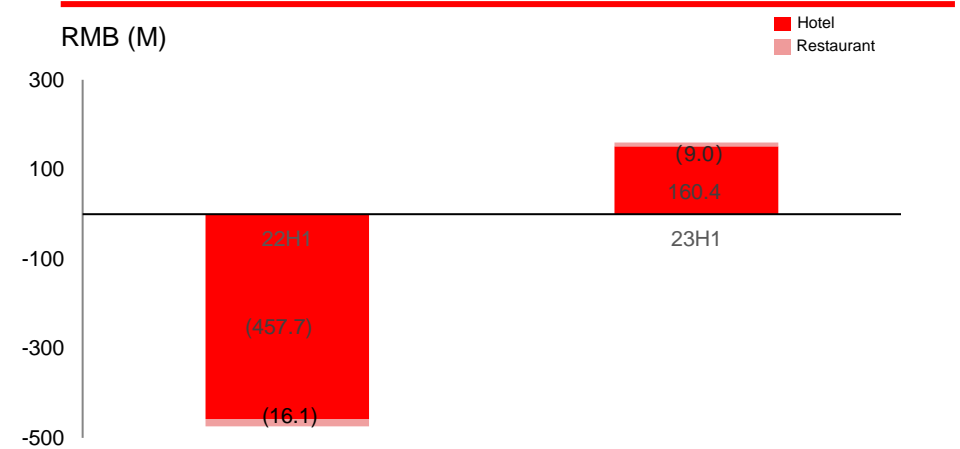
Overview of 2023H1



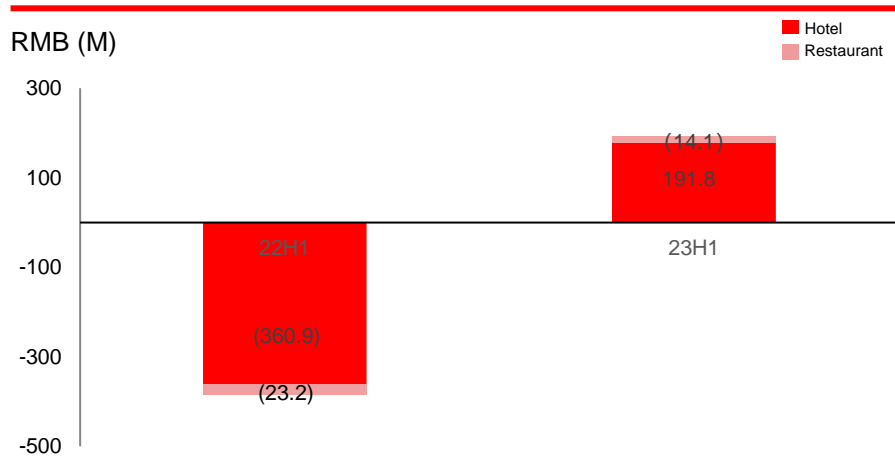
Total Revenues



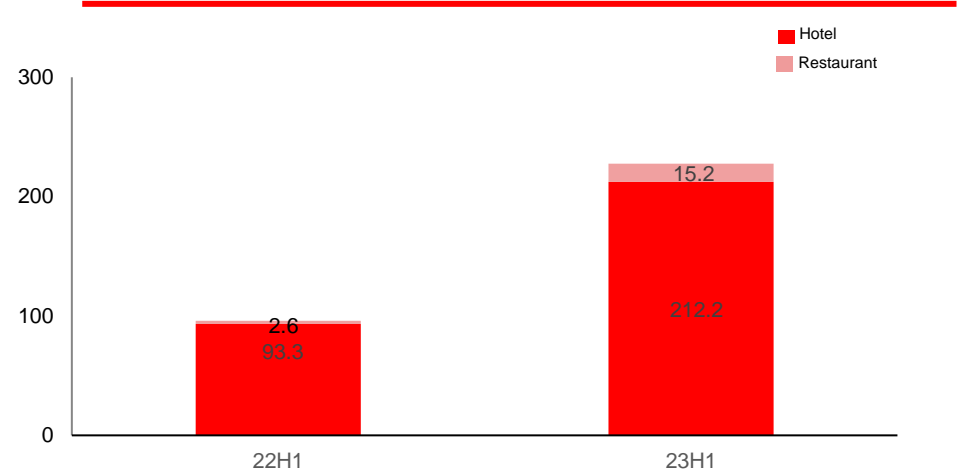
Income from Operations



Net Income



Adjusted EBITDA

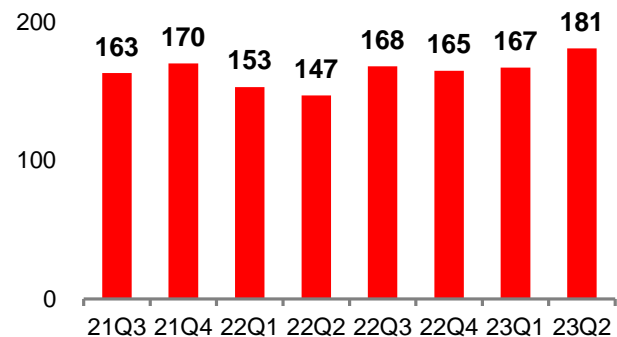


Overview of Hotels

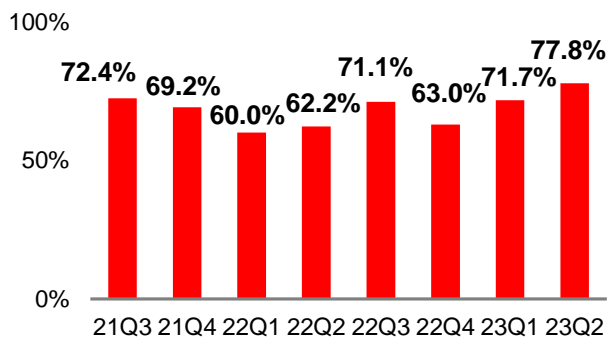


ADR

RMB

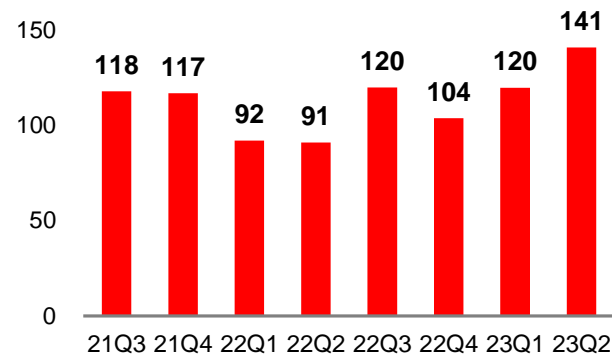


Occupancy

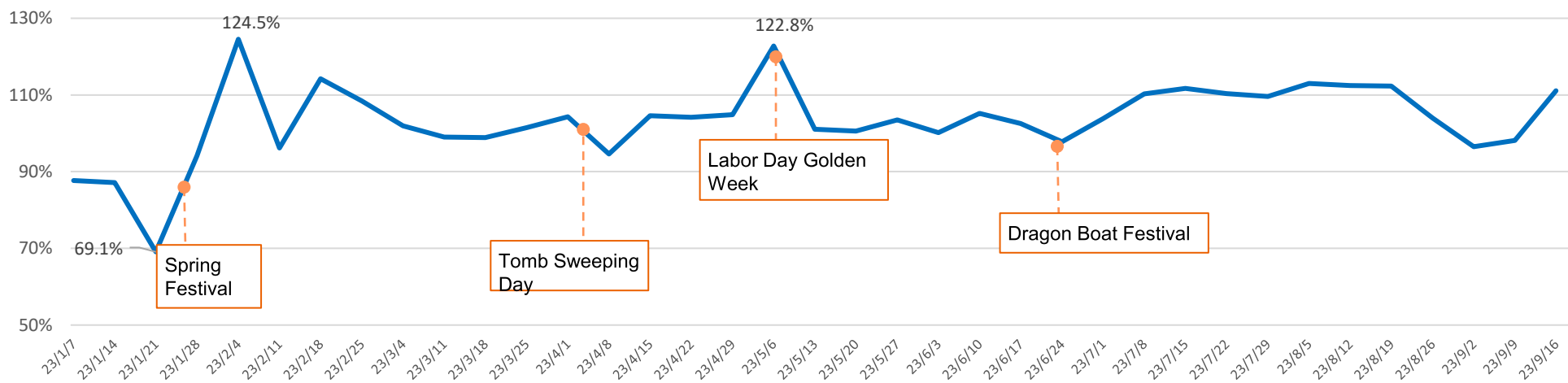


RevPAR

RMB



RevPAR as % of 2019⁽¹⁾



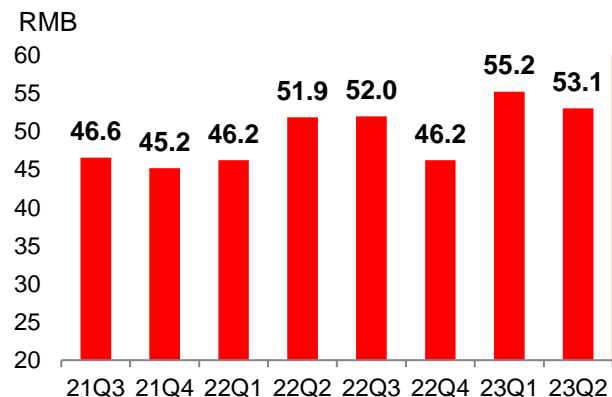
Note:

1. Based upon weekly average RevPAR

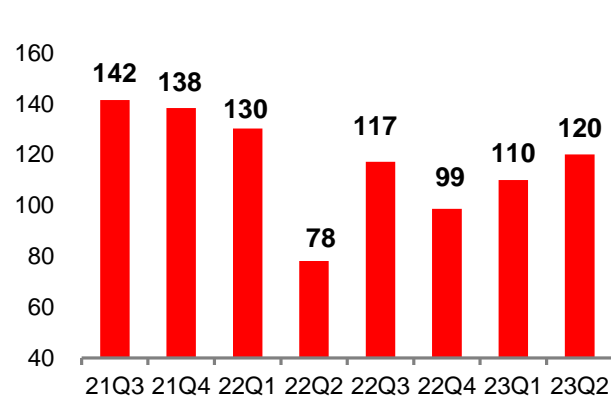
Overview of Restaurants



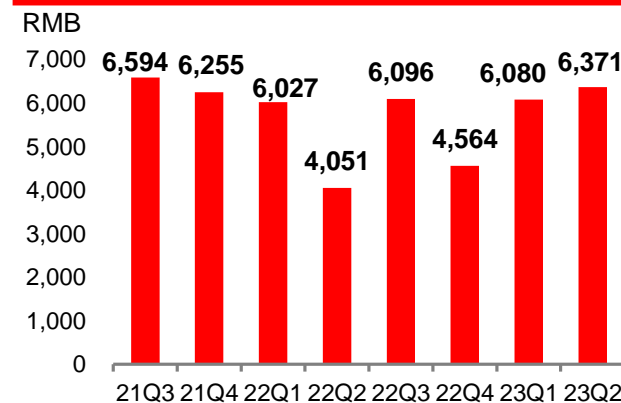
AC (1)



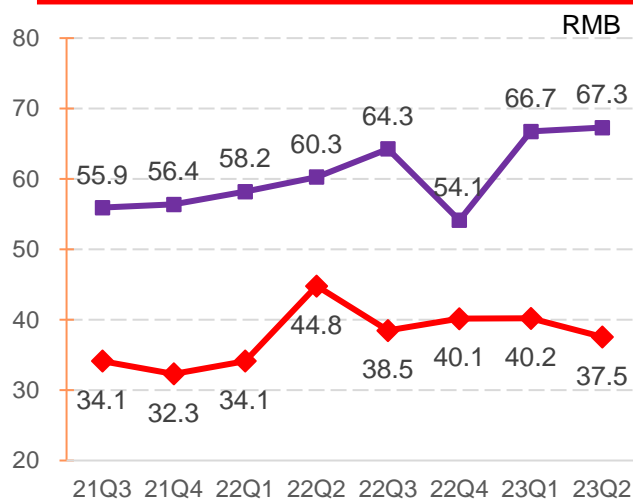
ADT (2)



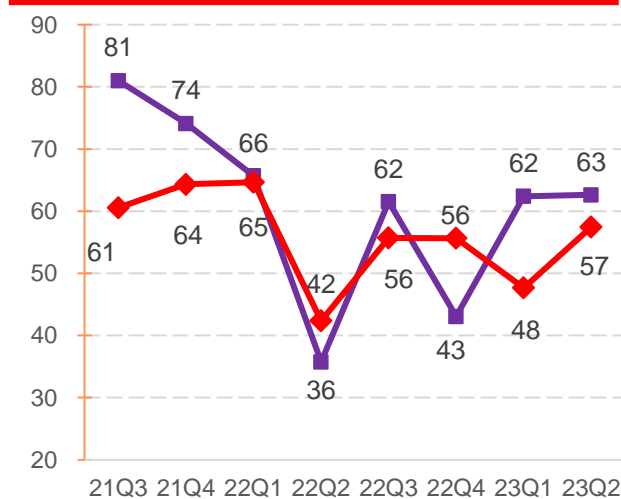
ADS (3)



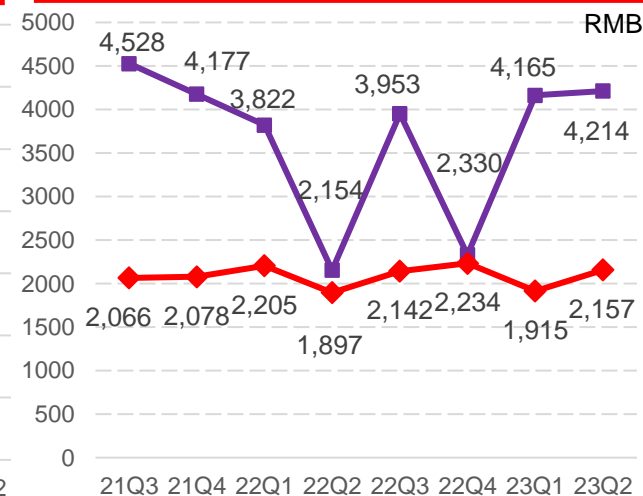
AC (1)



ADT (2)



ADS (3)



Note:

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

■ Dine In

■ Delivery





Further Expansion into Mid-to-Upscale Segment



Greater Penetration in Tier 3 and Lower Cities in South China

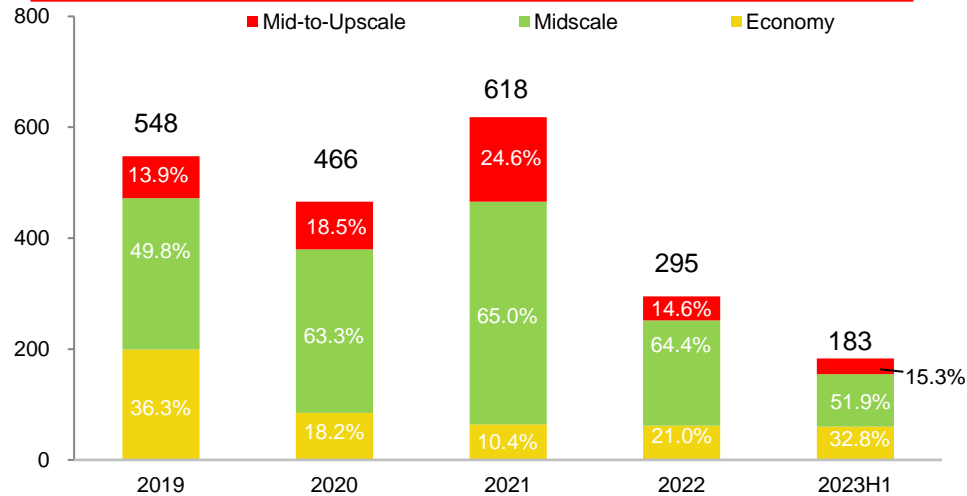


L&O Hotels Openings

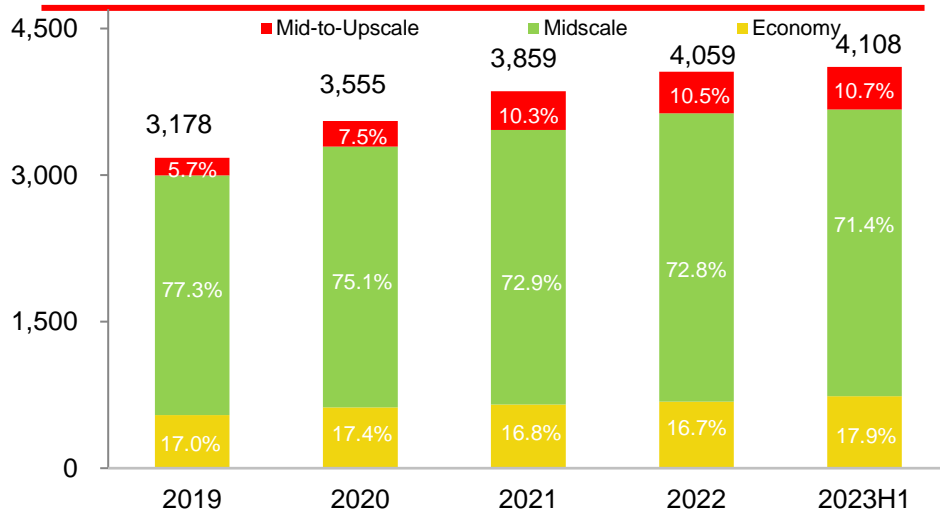
Further Expansion into Mid-to-UpScale Segment



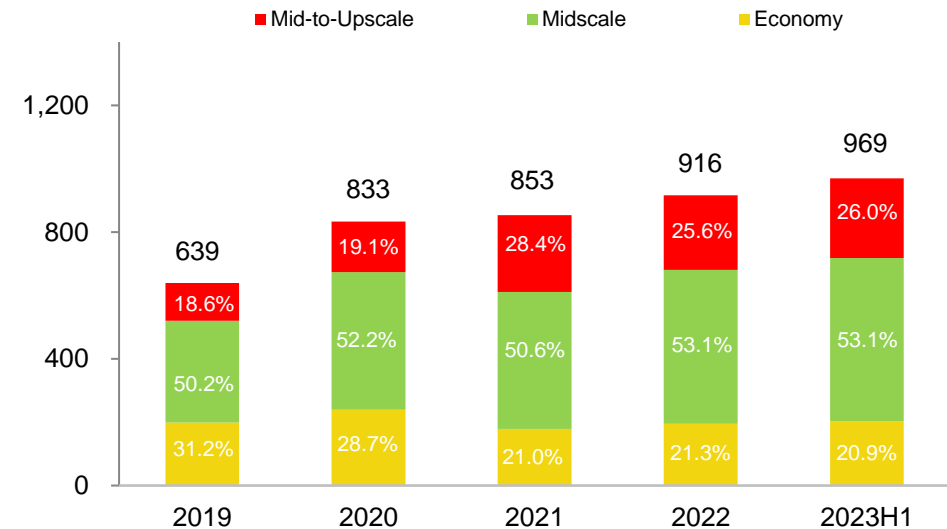
Organic New Openings ⁽¹⁾ Breakdown by Segment



Organic Hotel ⁽²⁾ Breakdown by Segment



Organic Pipeline ⁽³⁾ Breakdown by Segment



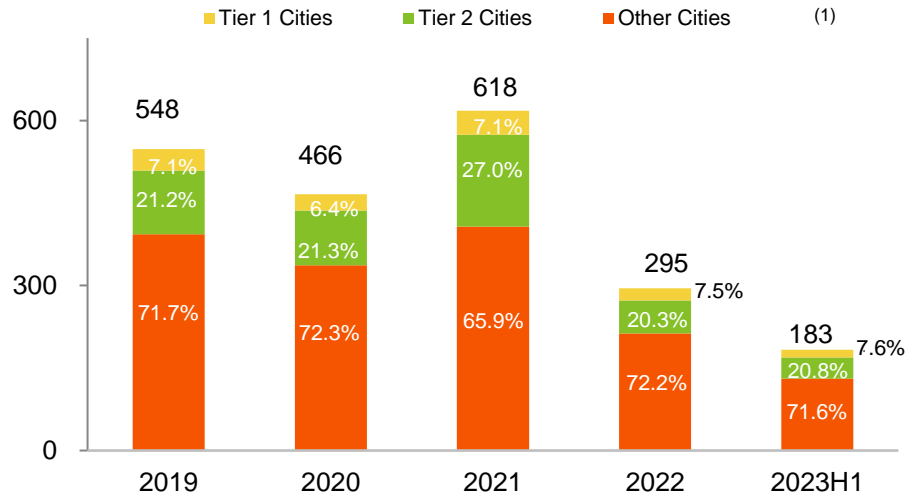
Note:

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.

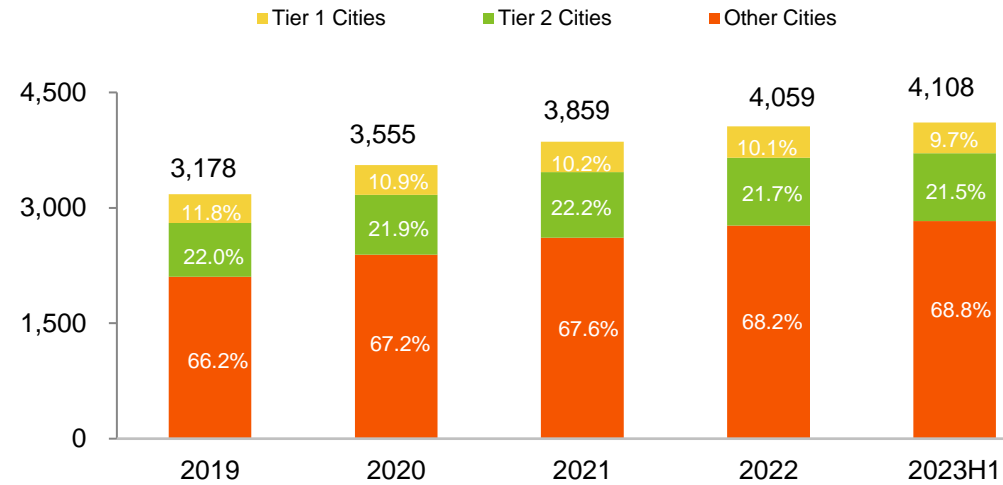
Greater Penetration in Tier 3 and Lower Cities



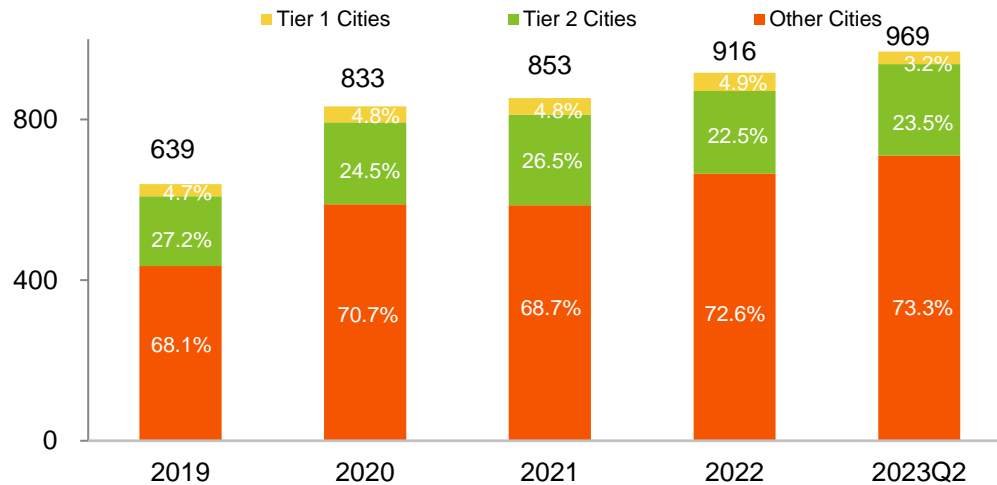
Organic New Openings Breakdown by City Tier



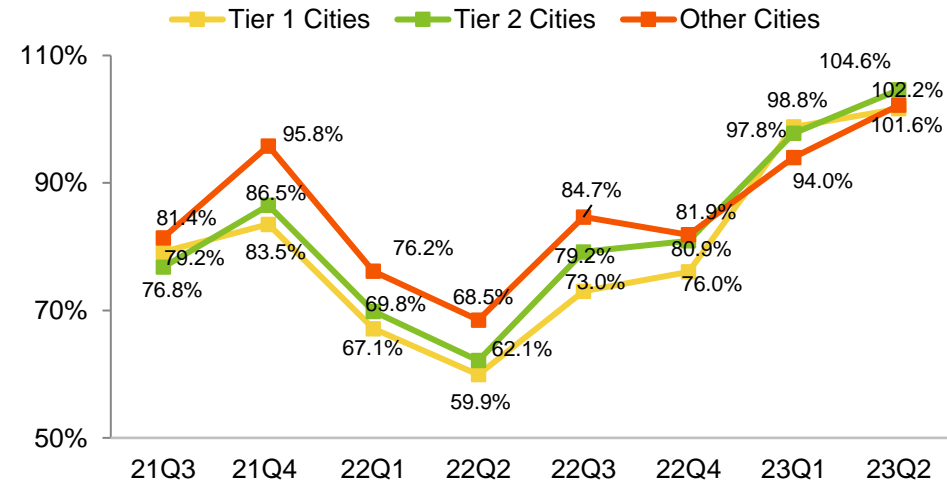
Organic Hotel Breakdown by City Tier



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.



- 3 new L&O hotels opened in 2023H1
- All mid-to-up-scale hotels in transportation hub and high-technology zone of major cities



GreenTree Eastern Hotel (Huaqiang North, Futian District, Shenzhen)



GreenTree Eastern Hotel (Chongqing North Railway Station North Square)



GreenTree Eastern Hotel (Chongqing Jiangbei International Airport)



Closure of Unprofitable Stores to Ensure Restaurant Business Profitability



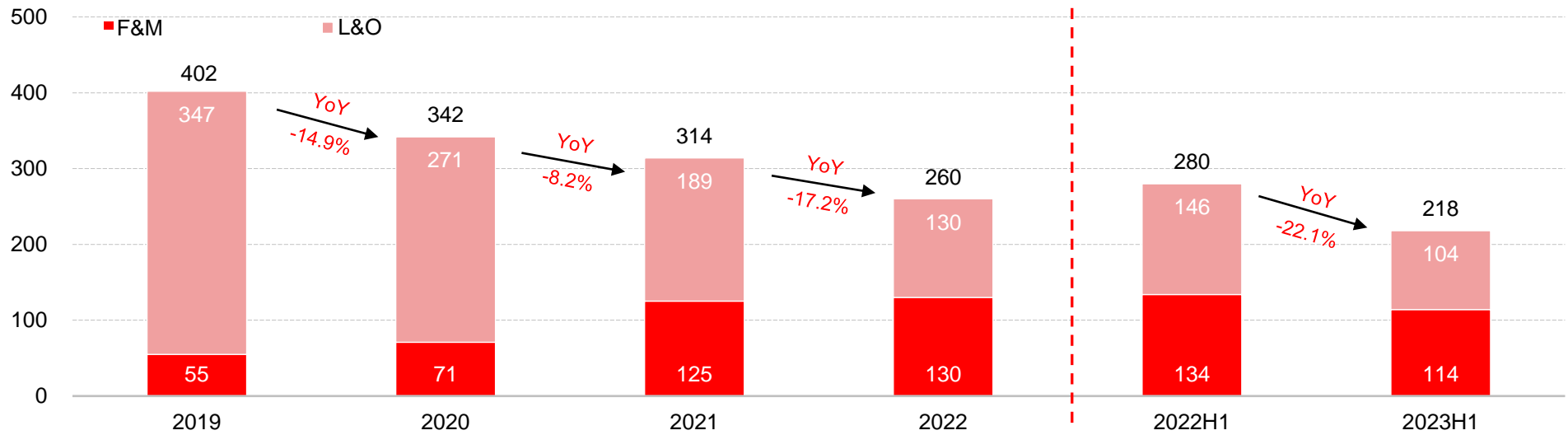
Increase in Proportion of Franchised-and-managed Restaurants



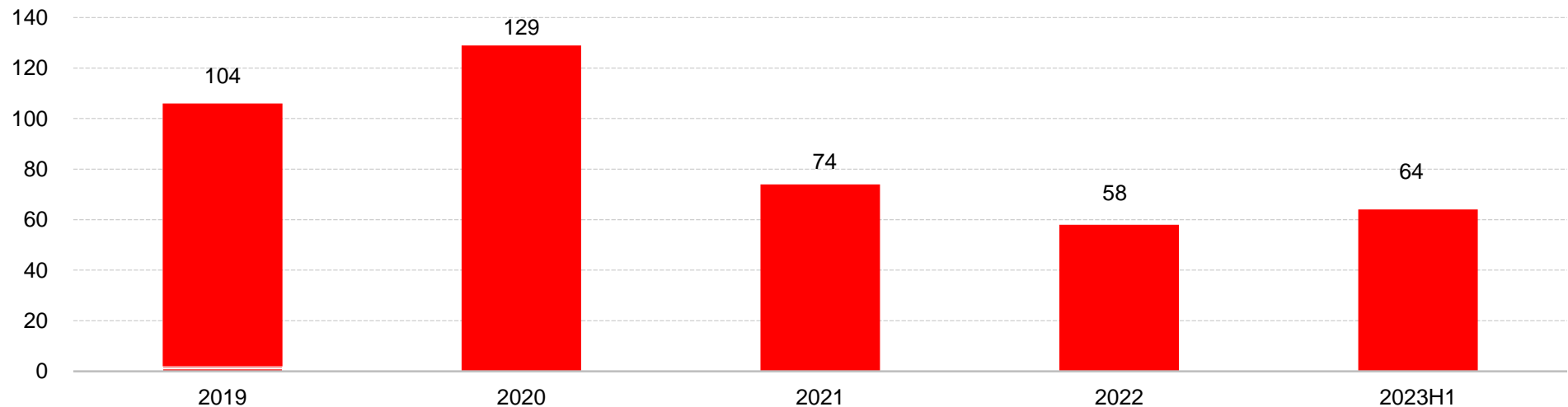
Expanding Number of Street Stores

Closure of Unprofitable Stores to Ensure Restaurant Business Profitability

Close unprofitable L&O stores



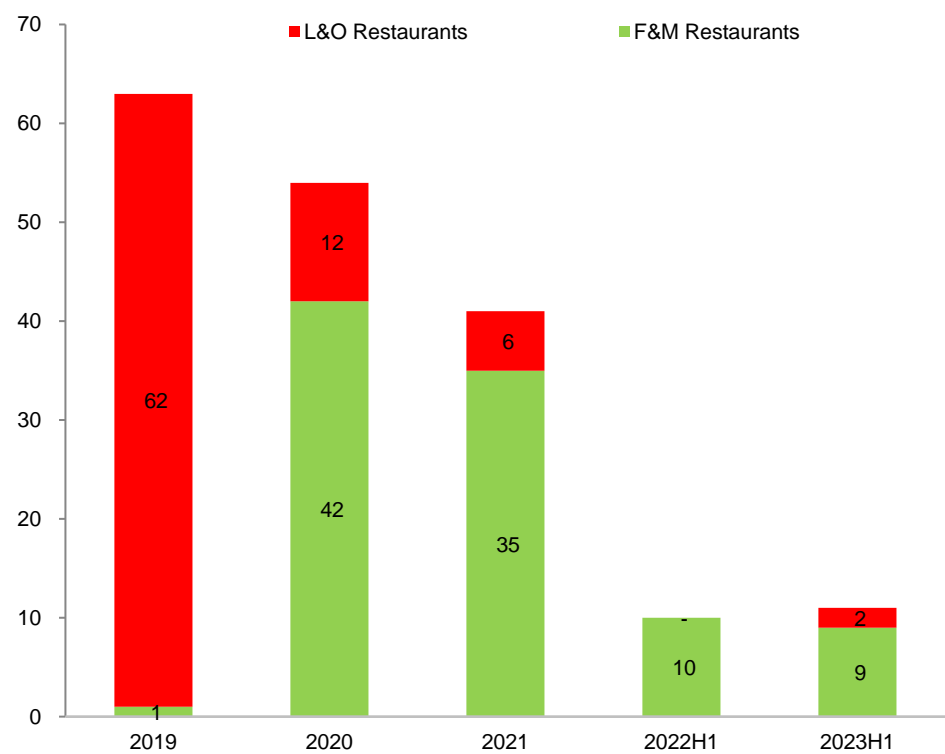
Number of Restaurants Closure



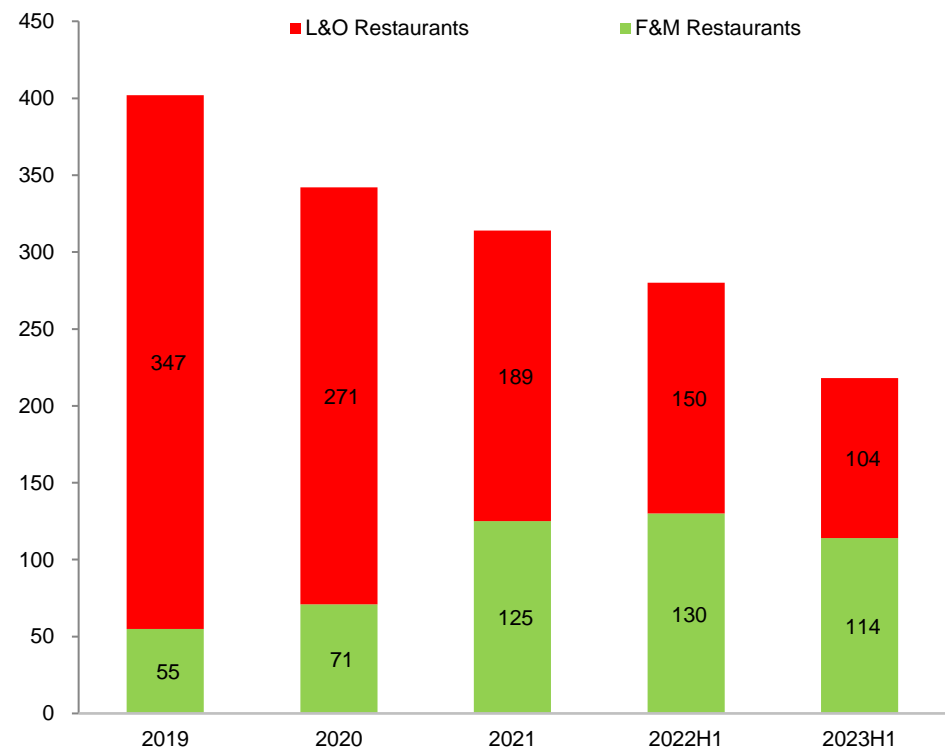
Increase in Proportion of Franchised-and-managed Restaurants



New Openings Breakdown

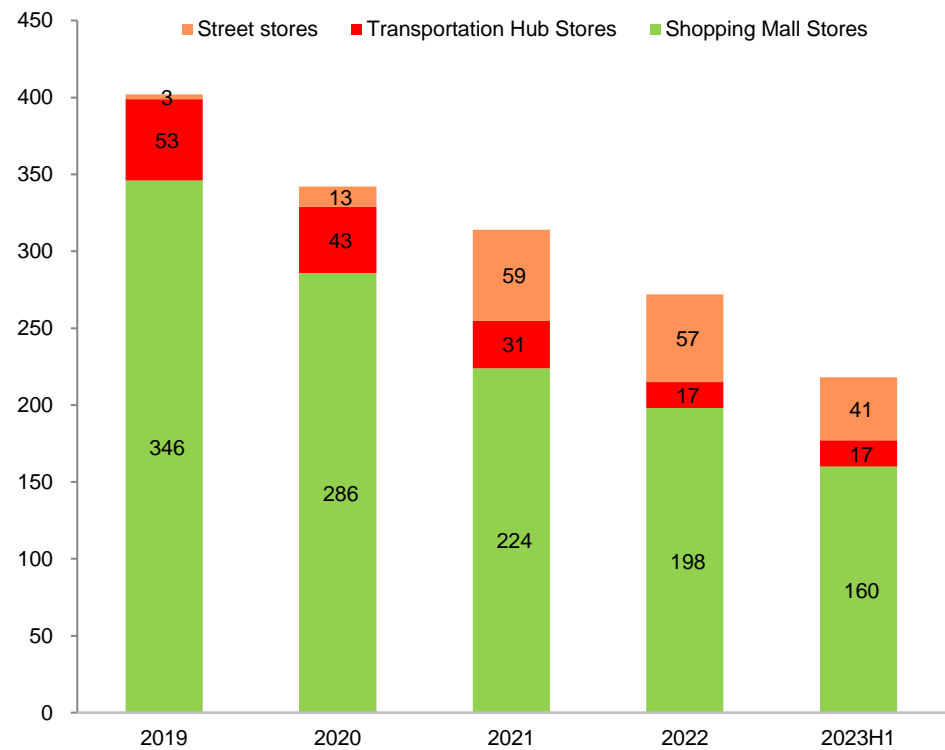


Restaurants Breakdown

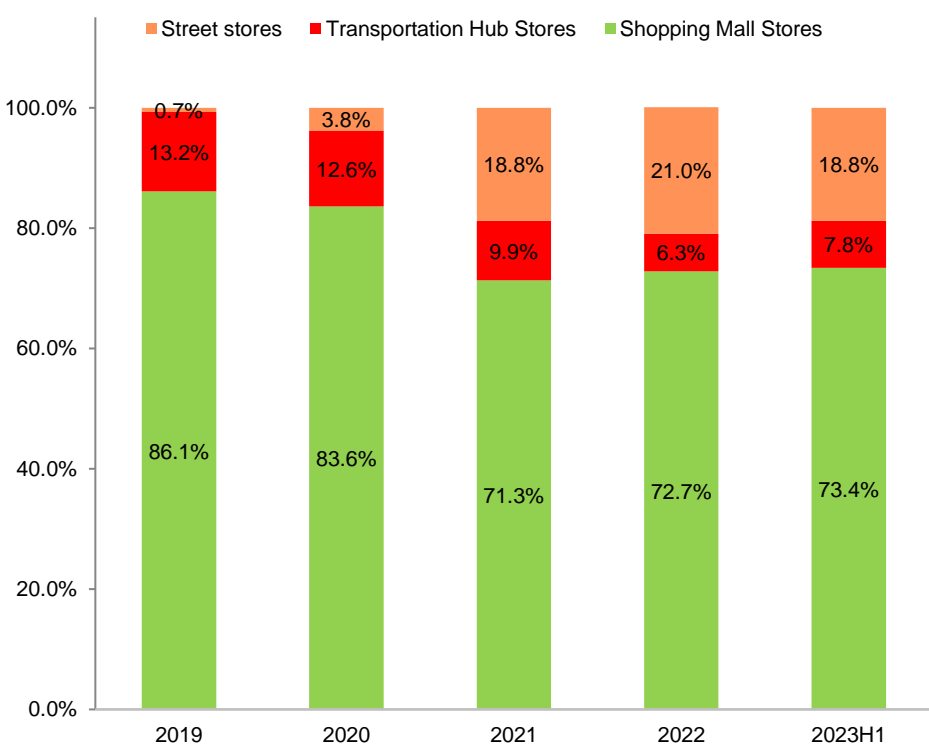




Restaurants Breakdown by Location



Proportion of Restaurants Breakdown by Location





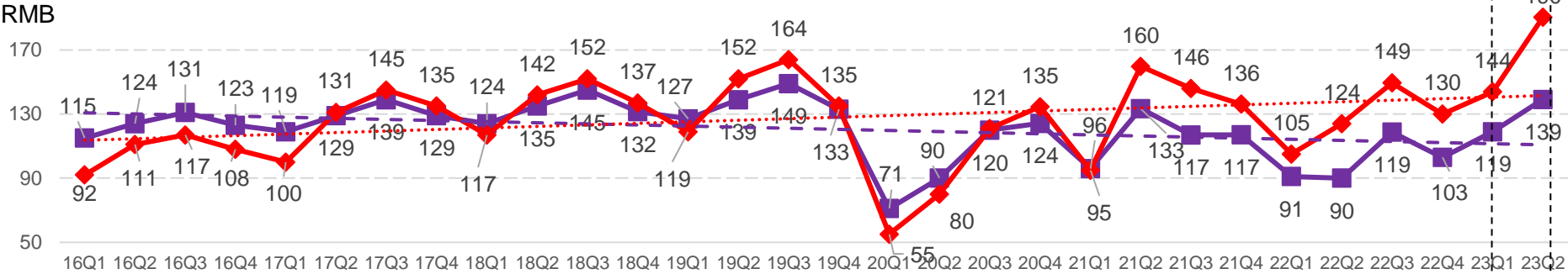
03

Operating and Financial Highlights

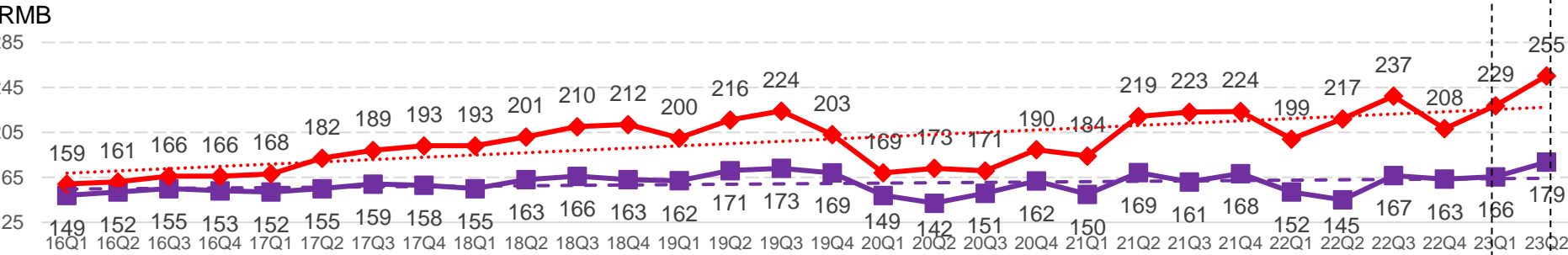
Hotel Performance



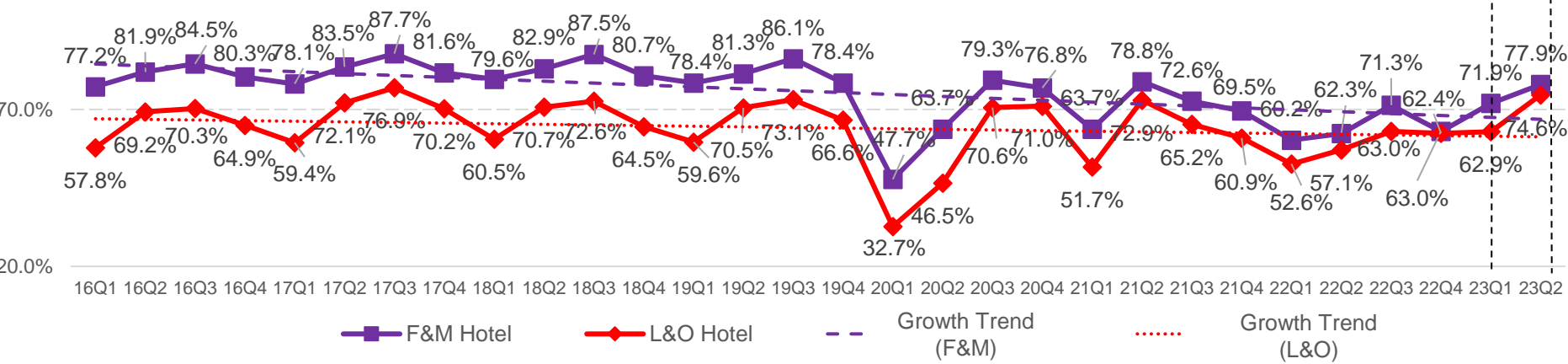
RevPAR



ADR

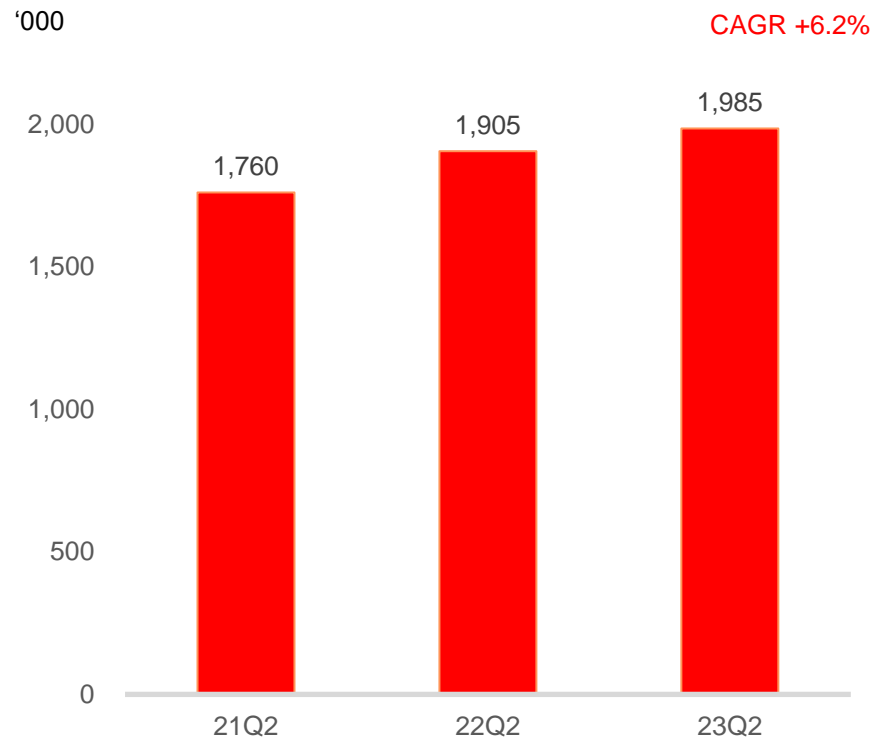


Occupancy

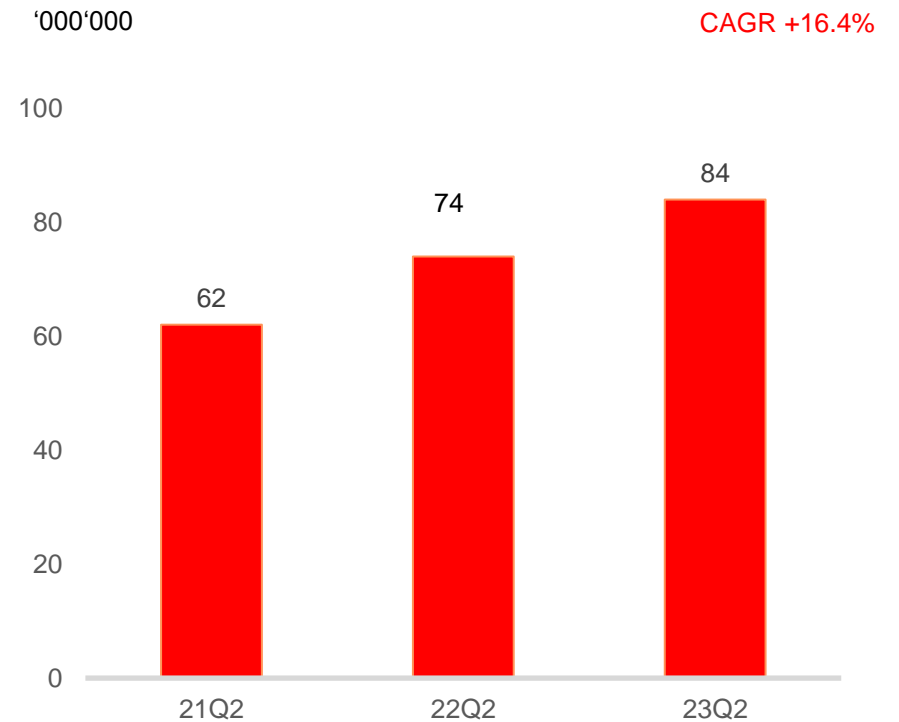




Corporate Members



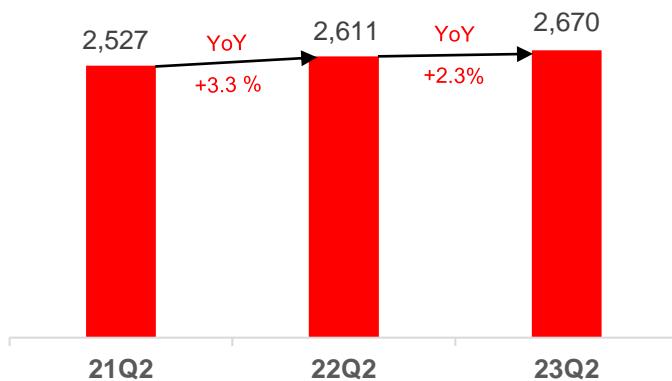
Individual Members





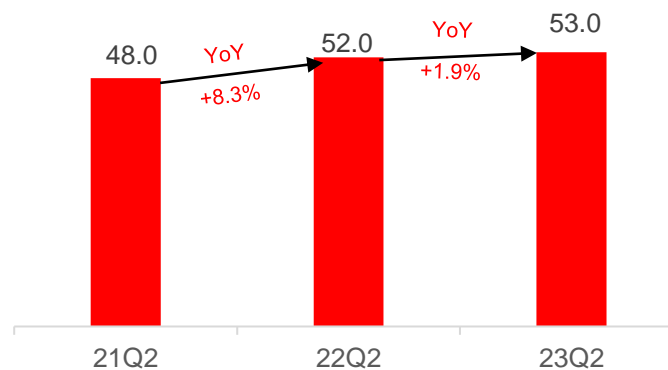
Number of Individual Members

'000

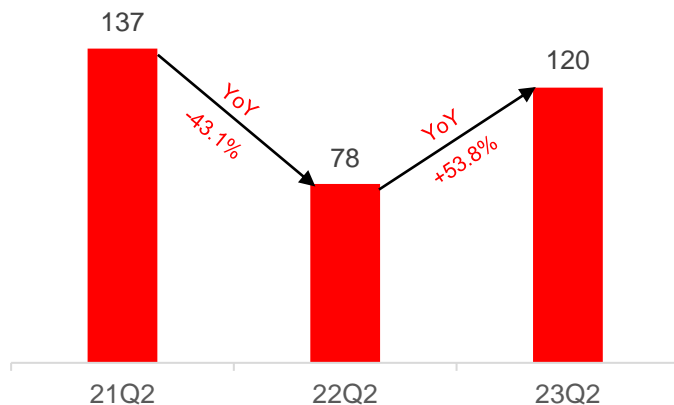


AC

RMB

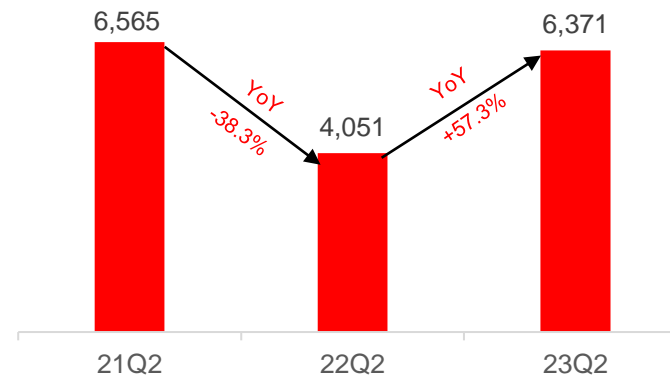


ADT



ADS

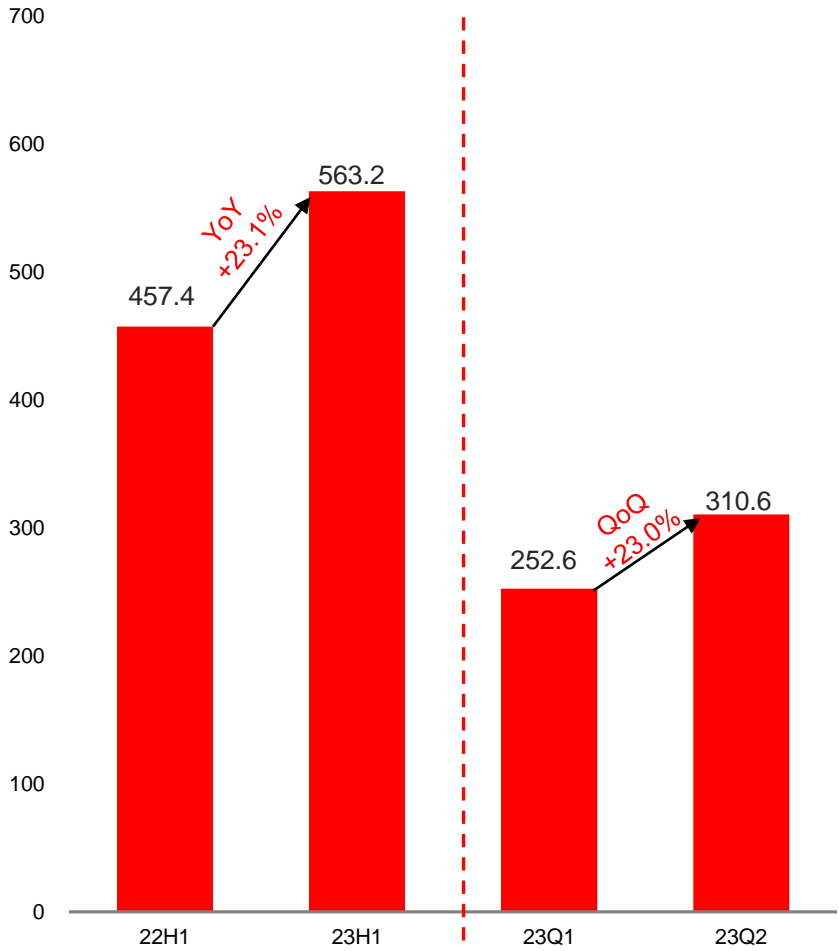
RMB





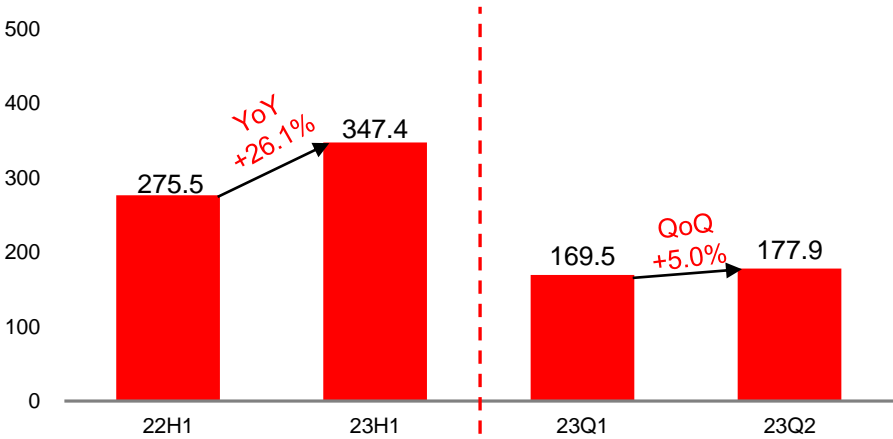
Total Revenue

RMB (M)



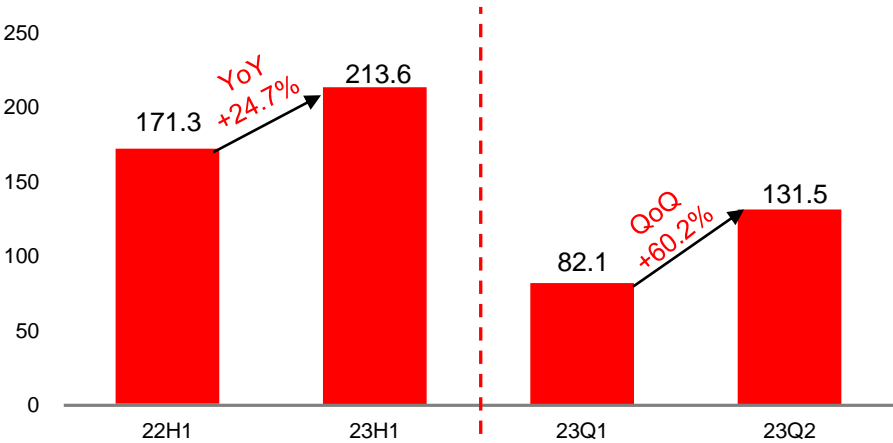
Revenue from F&M Hotels

RMB (M)



Revenue from L&O Hotels

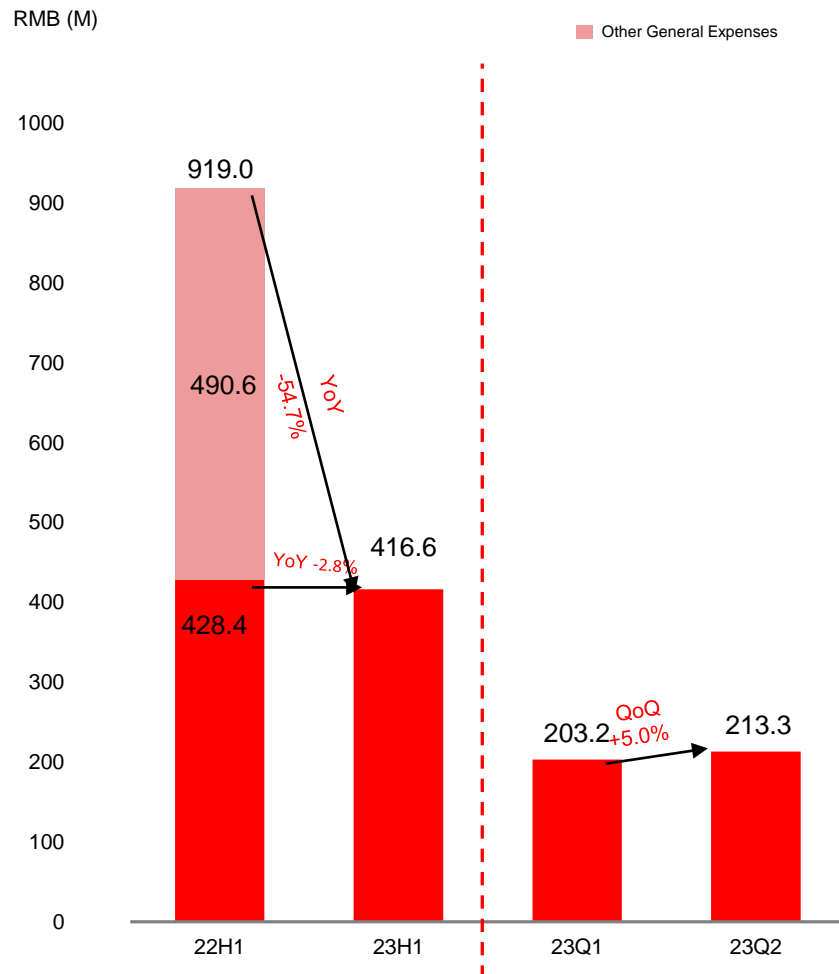
RMB (M)



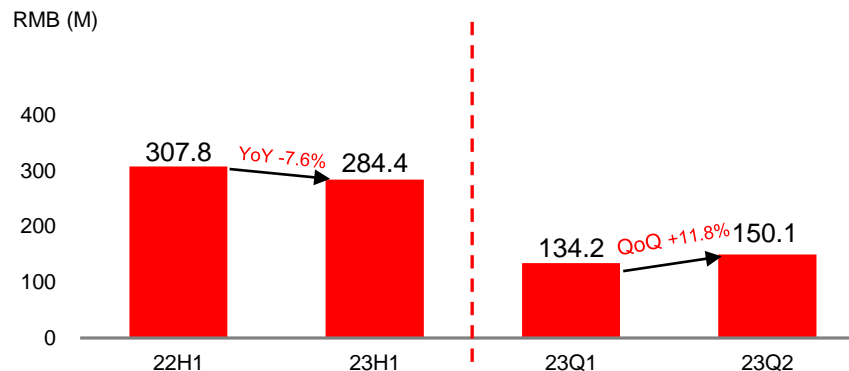
Hotel Operating Costs and Expenses



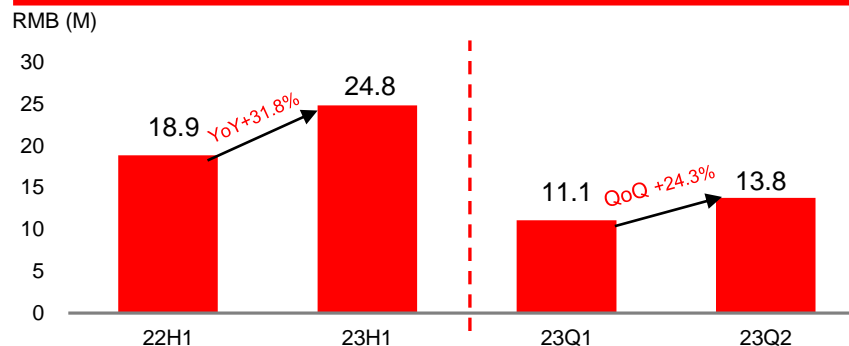
Total Hotel Operating Costs and Expenses ⁽¹⁾



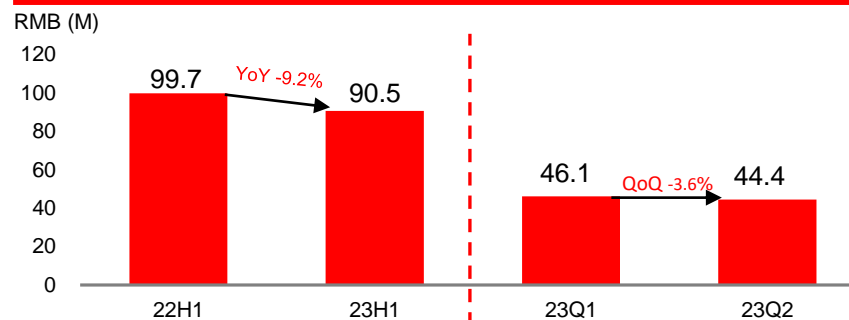
Hotel Operating Costs ⁽²⁾



Selling and Marketing Expenses



General and Administrative Expenses



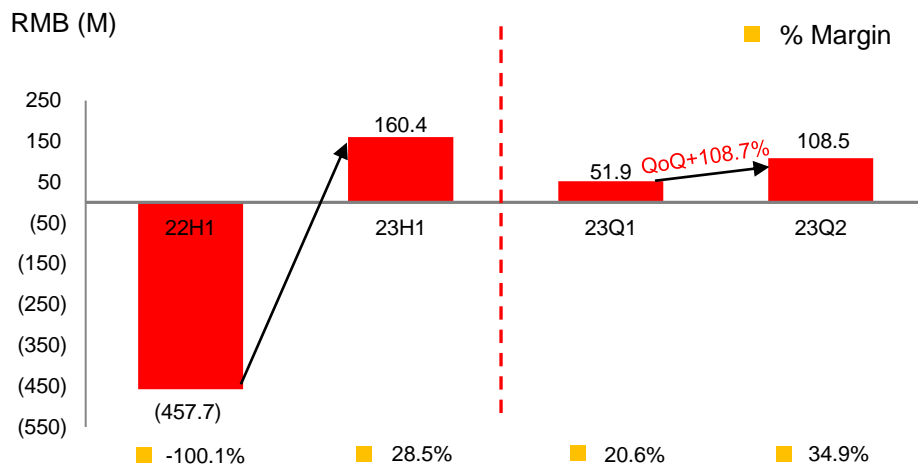
Notes:

- 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.
- Apart from LO hotel operating costs, hotel operating costs include FM hotel related costs and other costs.

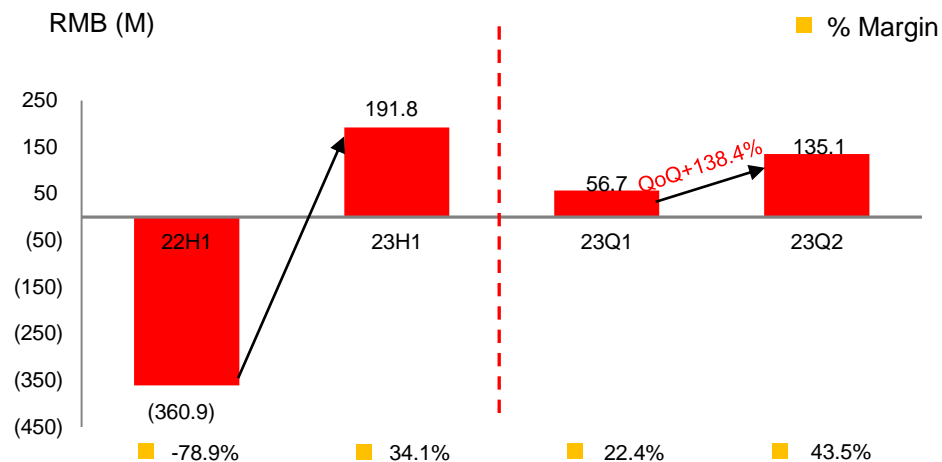
Hotel Profitability



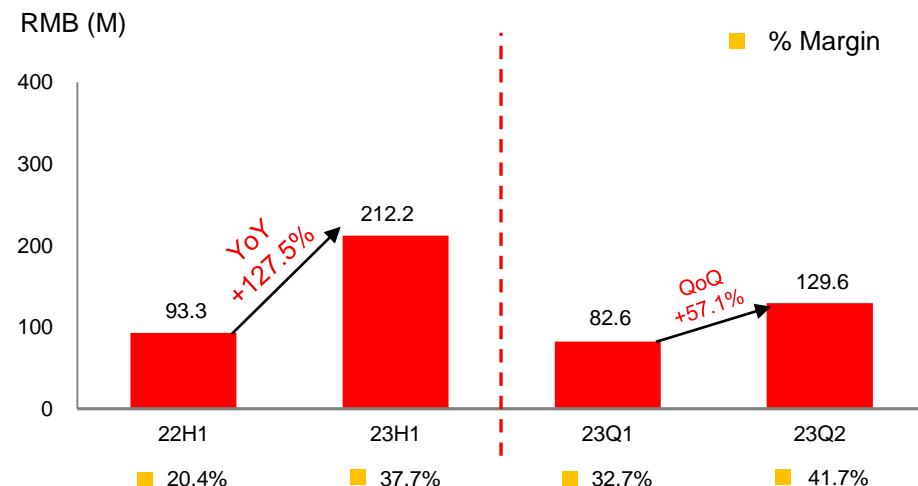
Income from Operations



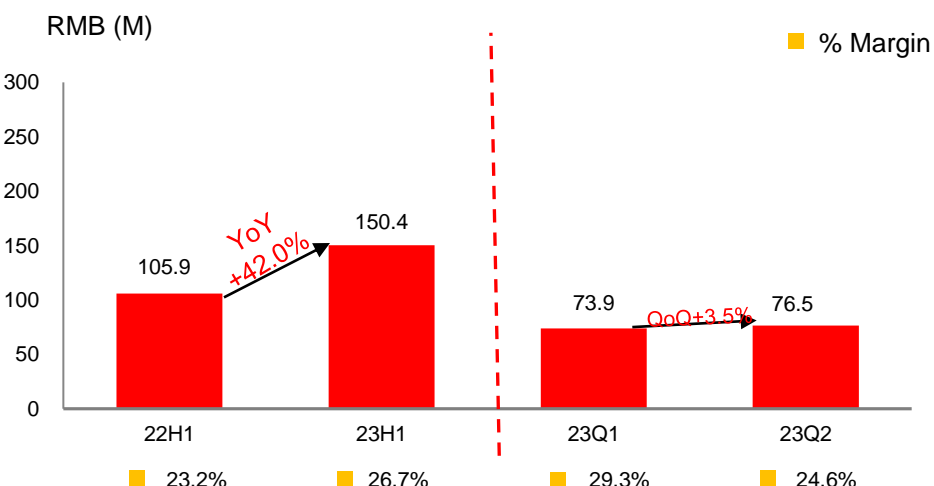
Net Income



Adjusted EBITDA (1)



Core Net Income (2)



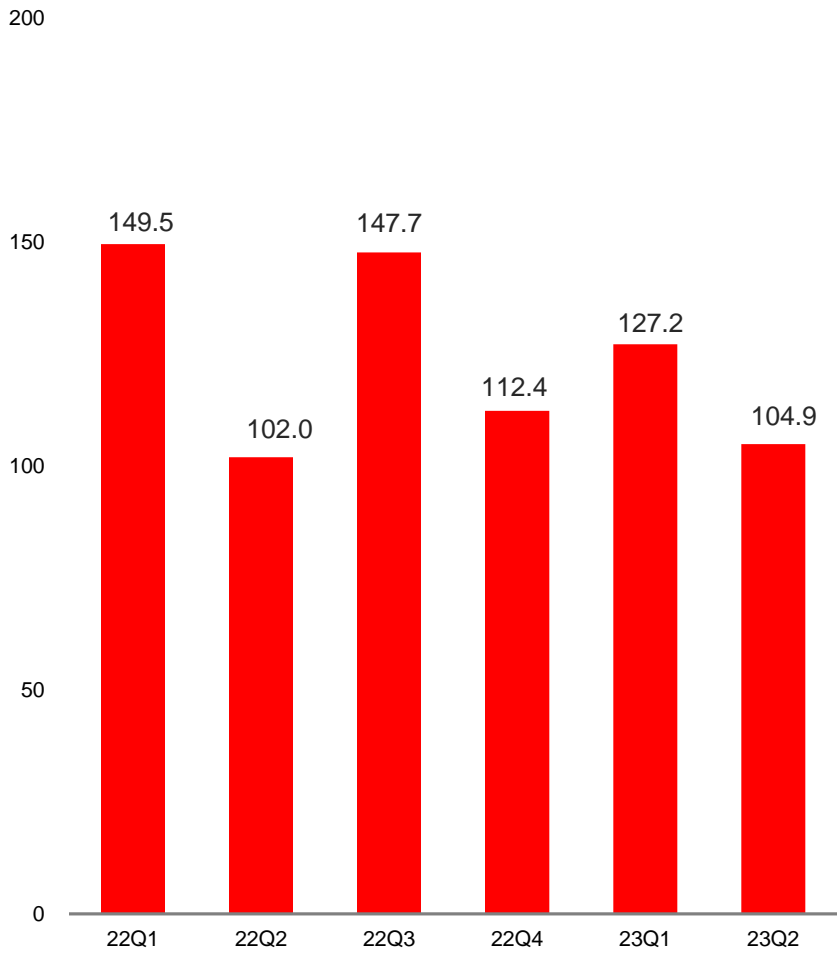
Notes:

- 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 provision for bad debt, 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 abovementioned definition.
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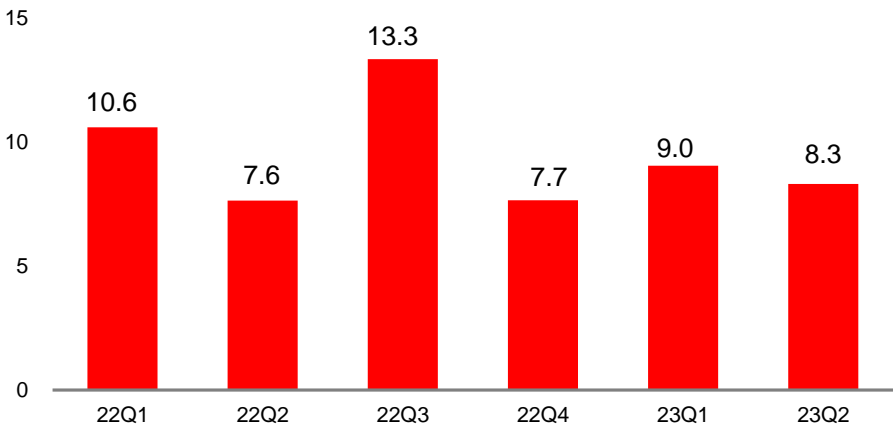
Total Revenue

RMB (M)



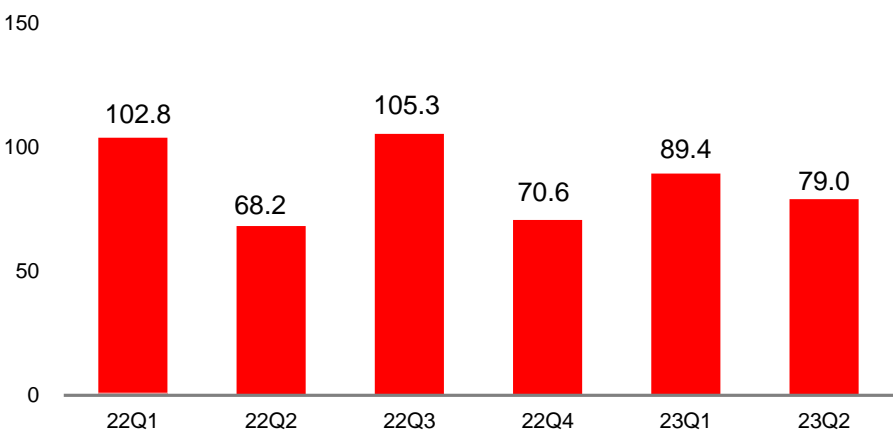
Revenue from F&M Restaurants

RMB (M)



Revenue from L&O Restaurants

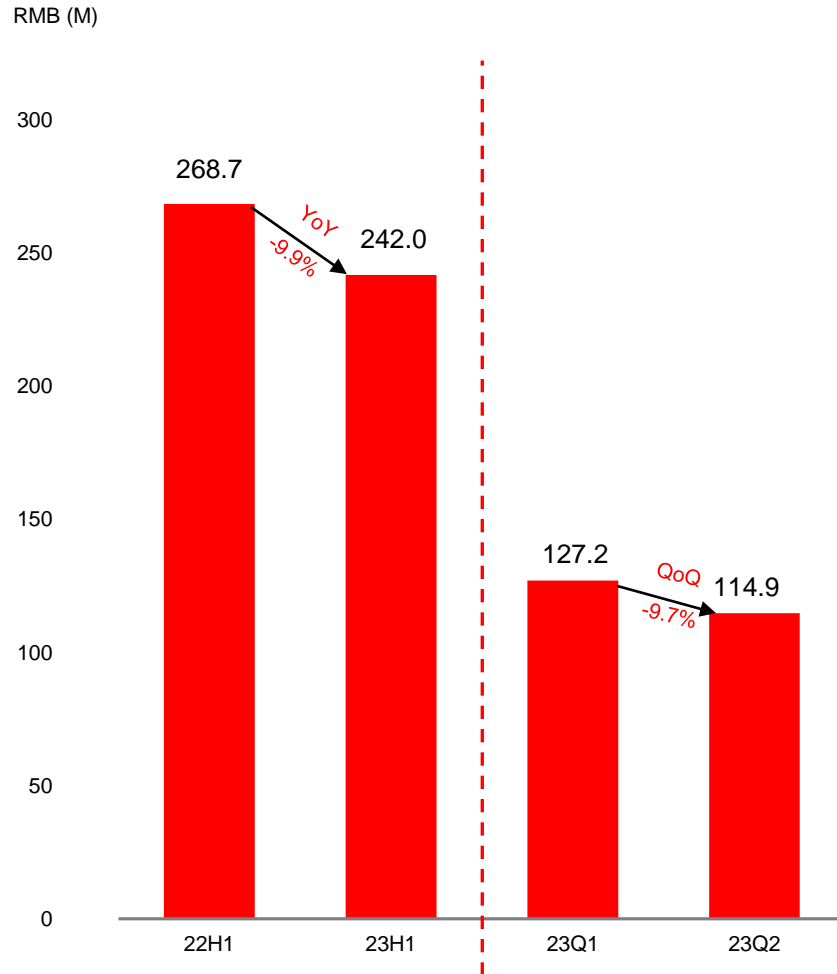
RMB (M)



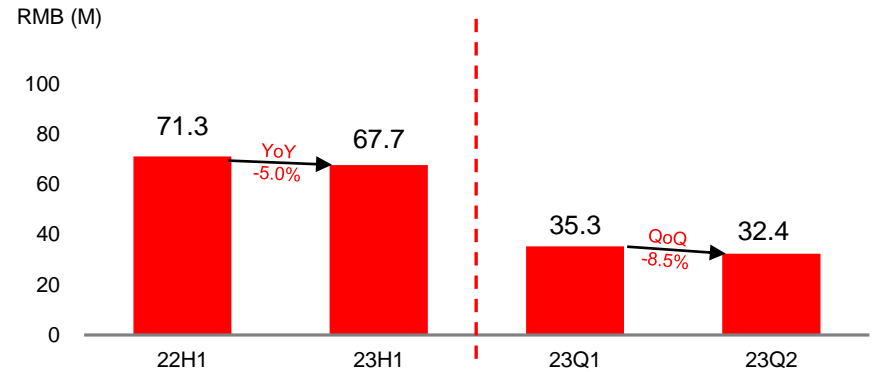
Restaurant Operating Costs and Expenses



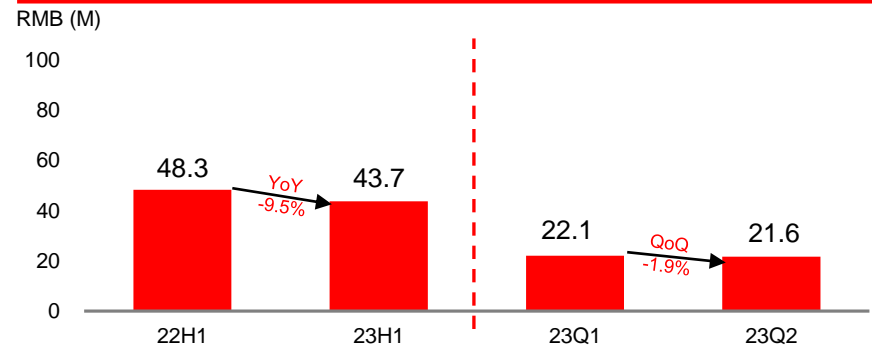
Total Restaurant Operating Costs and Expenses



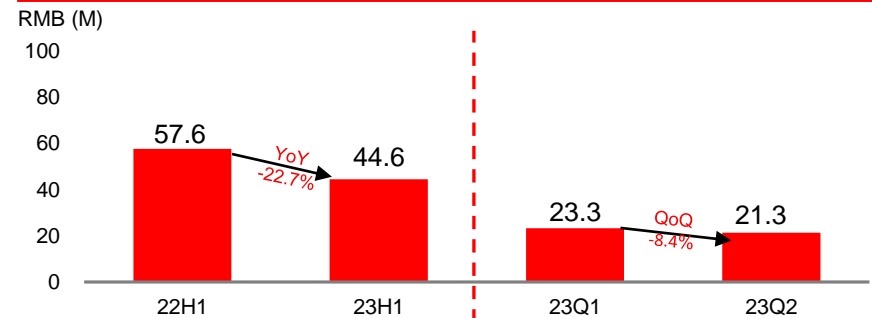
Material cost



Personnel cost



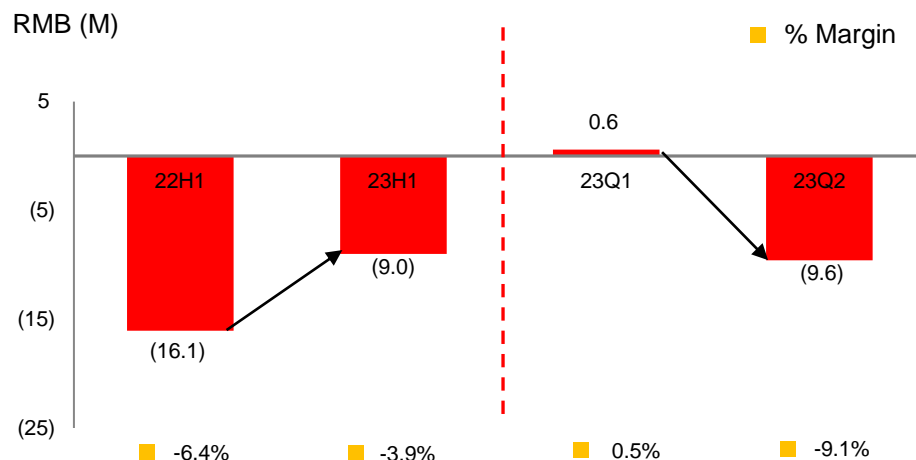
Rent



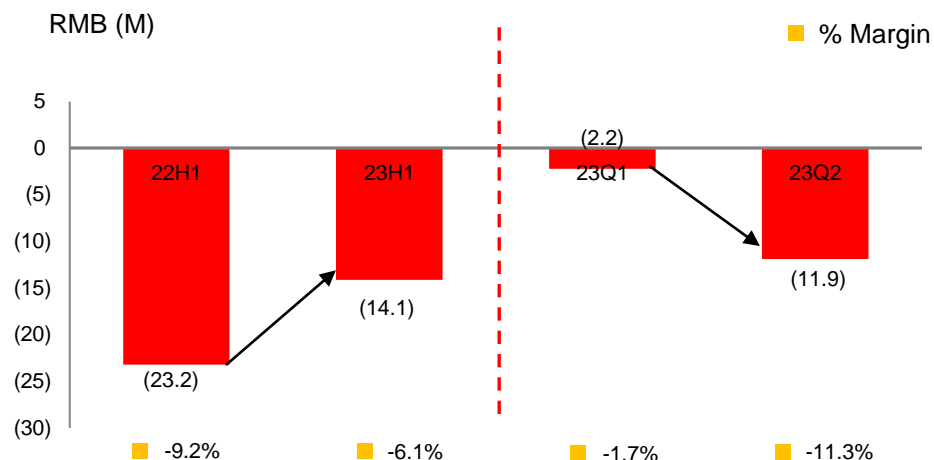
Restaurant Profitability



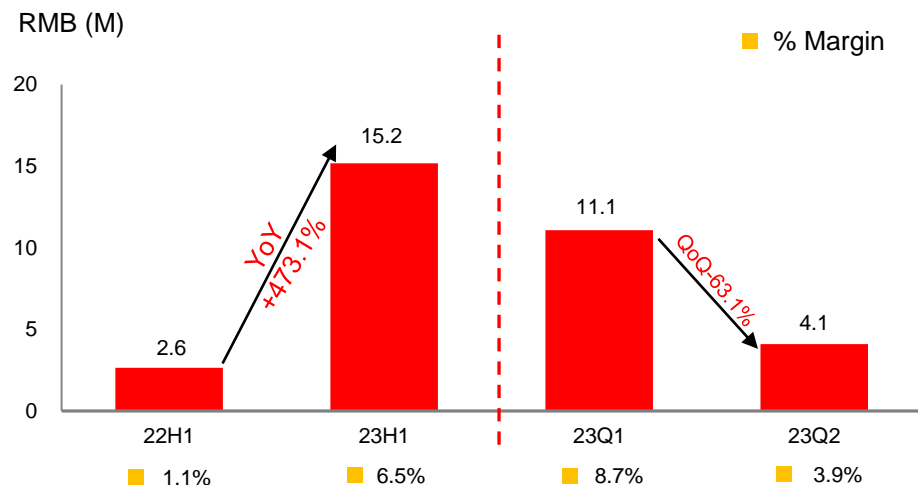
Income from Operations



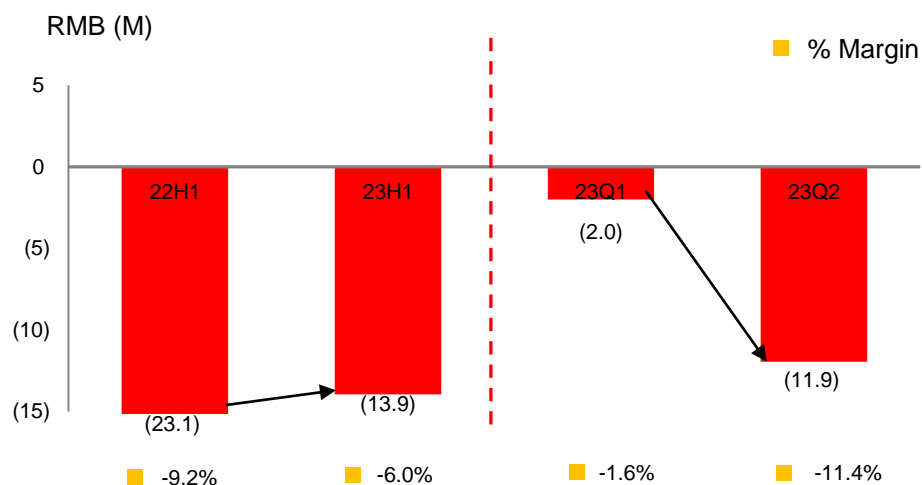
Net Income



Adjusted EBITDA (1)



Core Net Income (2)

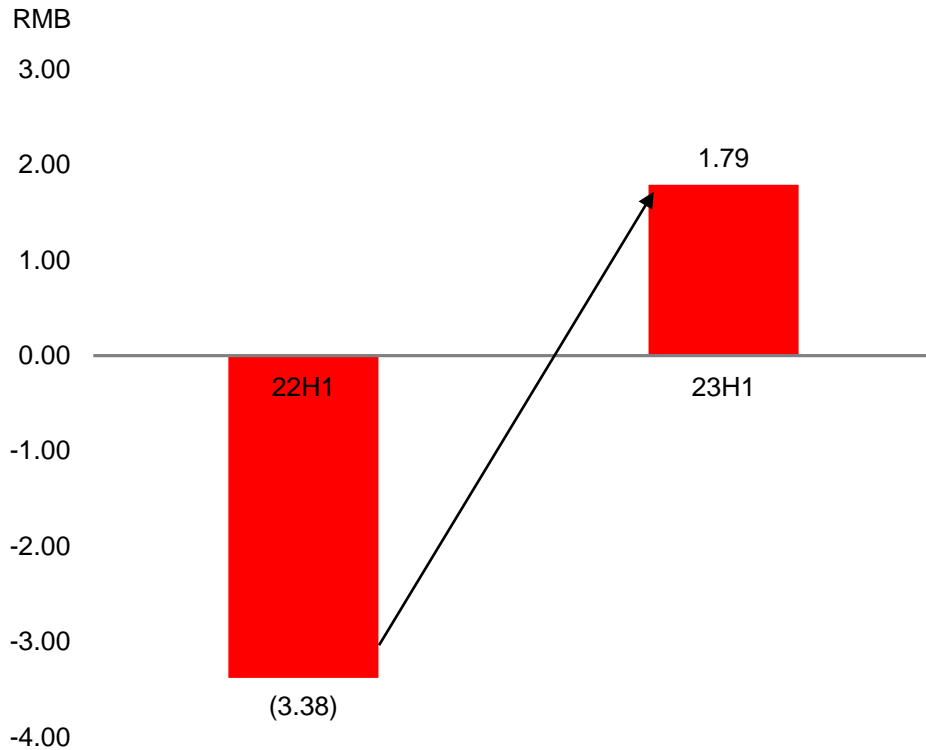


Notes:

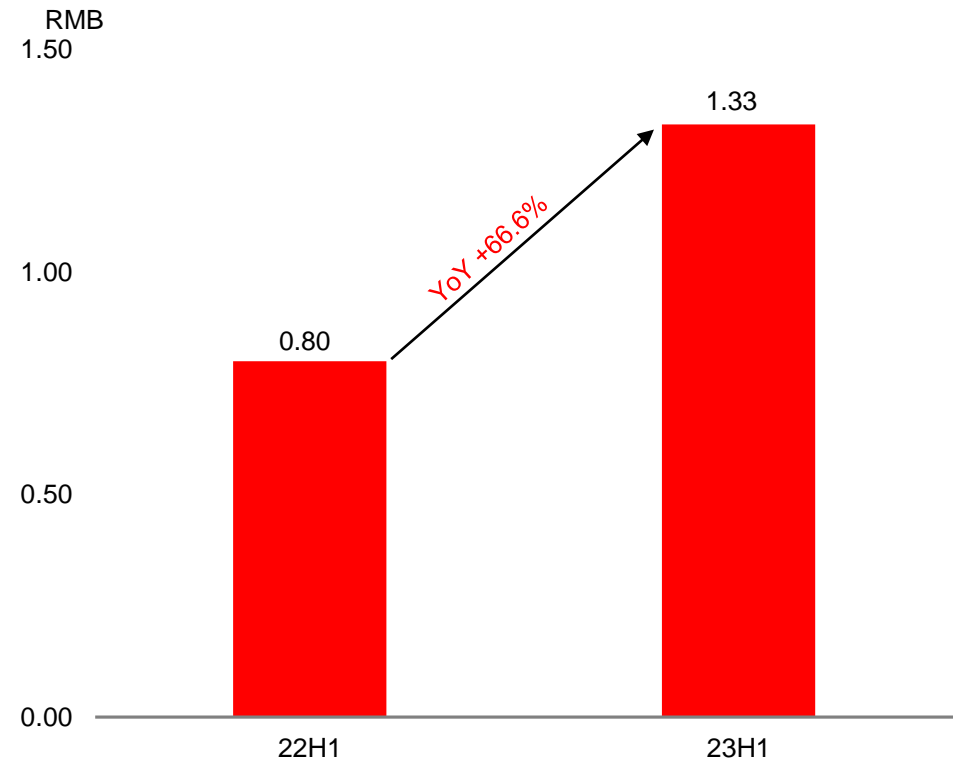
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- Core net income is calculated as net income plus share-based compensation, losses from investments in equity securities (net of 25% tax), one-time fees and expense and impairment charges and provisions for other assets but excludes government subsidies (net of 25% tax), gains from investment in equity securities (net of 25% tax), and other income (net of 25% tax).



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



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



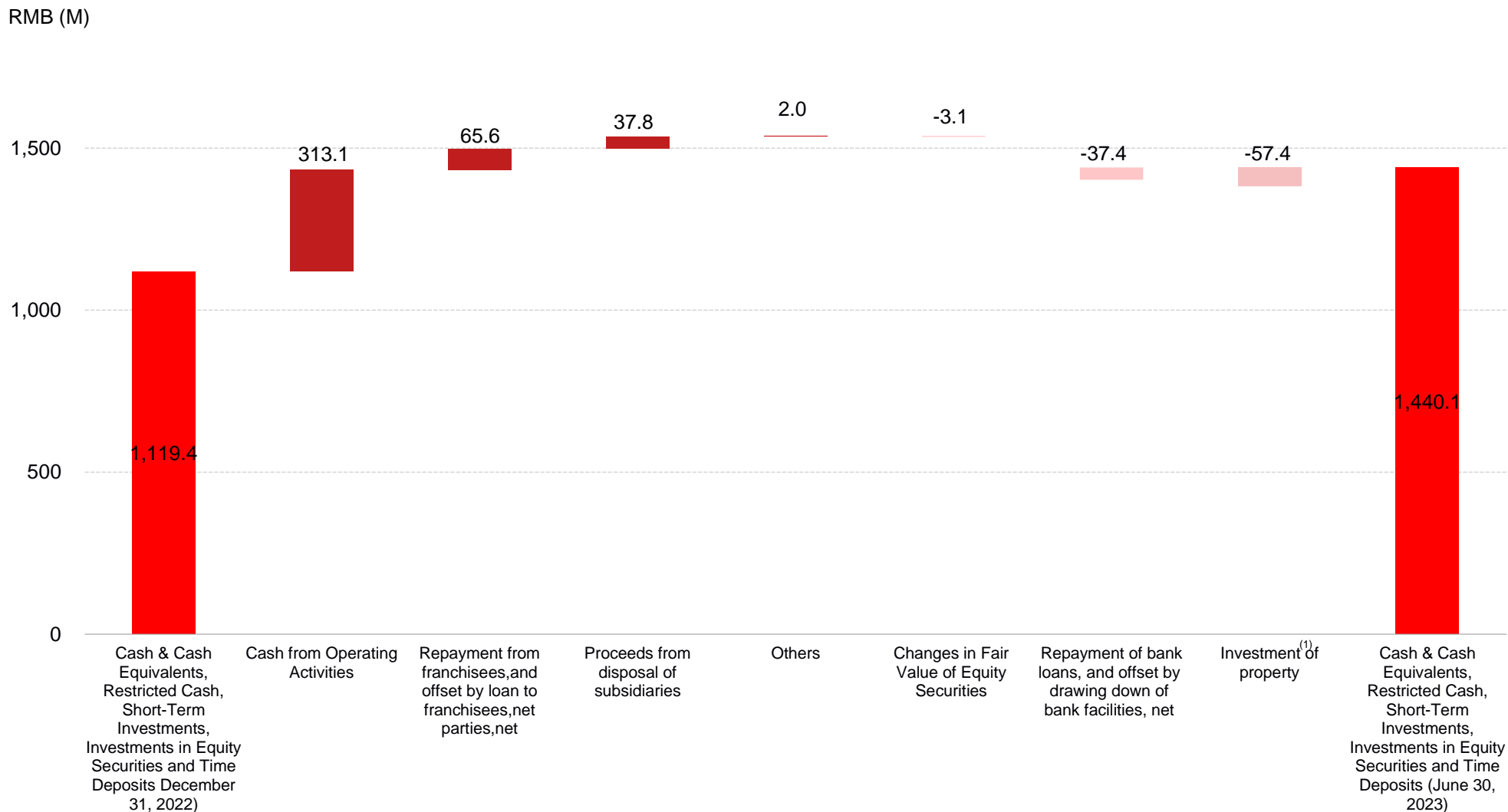
Notes:

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 impairment charges and provisions for other assets 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 1,440.1 Million** as of June 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.



- ***Total revenues of organic hotels for the full year of 2023 are expected to grow 30%-35% of the 2022 levels.***
- ***Total revenues for our restaurant business and our organic hotel business, for the full year of 2023 are expected to grow 15%-20% over the 2022 levels.***

Thank you!
Q&A





As of June 30, 2023

Mid-to-Up-Scale

- Hotels in operation: 438
- Hotel rooms in operation: 42,338
- Room rates: RMB 200 - 600

Mid-Scale

- Hotels in operation: 2,933
- Hotel rooms in operation: 229,270
- Room rates: RMB 150 - 400

Economy

- Hotels in operation: 737
- Hotel rooms in operation: 31,779
- Room rates: RMB 90 - 300



Hotel Breakdown



By Market Segment and Brand	Number of Hotels in Operation		Number of Hotel Rooms in Operation	
	2022Q2	2023Q2	2022Q2	2023Q2
Mid-to-up-scale	528	438	47,347	42,338
GreenTree Eastern	201	217	22,402	23,205
Deep Sleep Hotel	7	7	467	534
Gem	52	54	4,728	4,873
Gya	66	70	5,639	5,904
Vx	81	90	7,069	7,822
Urban Garden and others	121	-	7,042	-
Mid-scale	2,999	2,933	233,950	229,270
GreenTree Inn	2,183	2,259	180,255	181,015
GT Alliance	521	545	37,545	39,091
GreenTree Apartment	19	21	1,260	1,351
Vatica	110	108	7,969	7,813
City 118 Selected and others	166	-	6,921	-
Economy	1,142	737	50,776	31,779
Shell	648	737	28,030	31,779
City 118 and others	494	-	22,746	-
Total	4,669	4,108	332,073	303,387

Hotel Operating Data



	2022Q2	2023Q2
Total hotels in operation	4,669	4,108
Leased-and-owned hotels	67	65
Franchised hotels	4,602	4,043
Total hotel rooms in operation	332,073	303,387
Leased-and-owned hotels	6,986	7,137
Franchised hotels	325,087	296,250
Number of cities	367	357

	2023Q1	2023Q2
Occupancy rate		
Leased-and-owned hotels	62.9%	74.6%
Franchised hotels	71.9%	77.9%
Blended	71.7%	77.8%
Average daily rate (in RMB)		
Leased-and-owned hotels	229	255
Franchised hotels	166	179
Blended	167	181
RevPAR (in RMB)		
Leased-and-owned hotels	144	190
Franchised hotels	119	139
Blended	120	141

Restaurants Operating Data



	2022Q2	2023Q2
Total restaurants in operation	280	218
Leased-and-owned restaurants	146	104
Franchised restaurants	134	114
Number of cities	81	66

	2023Q1	2023Q2
ADT		
Dine In	62	63
Delivery	48	57
Blended	110	120
AC (in RMB)		
Dine In	67	67
Delivery	40	38
Blended	55	53
ADS (in RMB)		
Dine In	4,165	4,214
Delivery	1,915	2,157
Blended	6,080	6,371

Restaurants Operating Data



	2023Q1	2023Q2
ADT		
Leased-and-owned restaurants	143	142
Franchised restaurants	81	86
Blended	110	120
AC (in RMB)		
Leased-and-owned restaurants	61	61
Franchised restaurants	46	46
Blended	55	53
ADS (in RMB)		
Leased-and-owned restaurants	8,716	8,657
Franchised restaurants	3,745	3,936
Blended	6,080	6,371