

GreenTree Hospitality Group Ltd. Reports First Quarter of 2024 Financial Results

- Total revenues decreased 7.1% year over year to RMB352.2 million (US\$48.8 million)^[1]. Hotel revenues increased 8.8% year over year to RMB274.8 million.
- Income from operations was RMB72.2 million (US\$10 million) compared to RMB52.3 million for the first quarter of 2023.
- Net income was RMB57.3 million (US\$7.9 million) compared to RMB32.6 million for the first quarter of 2023.
- Adjusted EBITDA (non-GAAP)^[2] increased 17.2% year over year to RMB109.4 million (US\$15.2 million)^[1].
- Core net income (non-GAAP)^[3] increased 21.5% year over year to RMB60.7million (US\$ 8.4million)^[1]

SHANGHAI, June 25, 2024 /PRNewswire/ -- GreenTree Hospitality Group Ltd. (NYSE: GHG) ("GreenTree", the "Company", "we", "us" and "our"), a leading hospitality and restaurant management group in China, today announced its unaudited financial results for the first quarter of 2024.

[1] The conversion of Renminbi ("RMB") into United States dollars ("US\$") is based on the exchange rate of US\$1.00=RMB 7.2203 on March 31, 2024 as set forth in H.10 statistical release of the U.S. Federal Reserve Board and available at <https://www.federalreserve.gov/releases/h10/20220103/>.

[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).

First Quarter of 2024 Operational Highlights

Hotels

- A total of 4,256 hotels with 313,531 hotel rooms were in operation as of March 31, 2024.
- The Company opened 109 hotels and had a pipeline of 994 hotels contracted for or under development as of March 31, 2024.
- The average daily room rate was RMB169, an increase of 0.9% from RMB167 in the first quarter of 2023.
- The occupancy rate was 67.8%, down from 71.7% in the first quarter of 2023.
- Revenue per available room, or RevPAR, was RMB114, a 4.6% year-over-year decrease.

Restaurants

- A total of 185 restaurants were in operation as of March 31, 2024
- The AC (average check) was RMB59, a 5.8% year-over-year increase.
- The ADT (average daily tickets) was 94, down from 109 in the first quarter of 2023.
- The ADS (average daily sales per store) was RMB5,525, a decrease of 8.7% from RMB6,051 in the first quarter of 2023.

"Overall, we delivered some significant improvements in the first quarter with substantial increases in both operating and net incomes.

Conditions in our hotel business were mixed as consumer behavior continued to evolve in a more competitive environment while we are continuously upgrading a large portion of hotels in our portfolio. Against this scenario, we managed to deliver an 8.8% revenue increase year over year and a 21.1% increase in hotel Adjusted EBITDA. We believe our business matrix will improve as we are completing these upgrades and open more new hotels.

We made further progress in the repositioning of our restaurant business with an absolute focus on robust profitability. We grew our network of franchisees as we further expanded the number of street stores.

We have completed our closure of the restaurants in the supermarket anchored regional shopping centers, due to less foot traffic to our stores. We have now completed this phase of our forward strategy and are focused on store count growth again in regions where we have strong brand recognition," said Mr. Alex S. Xu, Chairman and Chief Executive Office of GreenTree.

First Quarter Of 2024 Financial Results

| | Quarter Ended | | | |
|---------------------------------|--------------------|--------------------|------------------|--------------------|
| | March 31, 2023 | March 31, 2023 | March 31, 2023 | March 31, 2023 |
| | RMB | RMB | RMB | RMB |
| | Hotel | Restaurant | Elimination | Total |
| Revenues | | | | |
| Leased-and-operated revenues | 82,073,240 | 89,376,893 | (559,217) | 170,890,916 |
| Franchised-and-managed revenues | 169,480,457 | 963,919 | - | 170,444,376 |
| Wholesales and others | 1,036,848 | 36,848,279 | - | 37,885,127 |
| Total revenues | 252,590,545 | 127,189,091 | (559,217) | 379,220,419 |

| Quarter Ended | | | | |
|---------------|-----------|-----------|-----------|-----------|
| March 31, | March 31, | March 31, | March 31, | March 31, |

| | 2024 RMB | 2024 RMB | 2024 RMB | 2024 RMB | 2024 US\$ |
|---------------------------------|--------------------|-------------------|------------------|--------------------|-------------------|
| | Hotel | Restaurant | Elimination | Total | Total |
| Revenues | | | | | |
| Leased-and-operated revenues | 122,541,793 | 46,367,979 | - | 168,909,772 | 23,393,733 |
| Franchised-and-managed revenues | 151,159,511 | 1,535,341 | - | 152,694,853 | 21,147,993 |
| Wholesales and others | 1,144,727 | 29,753,299 | (275,222) | 30,622,804 | 4,241,209 |
| Total revenues | 274,846,031 | 77,656,619 | (275,222) | 352,227,429 | 48,782,935 |

Total revenues were 352.2 million (US\$48.8 million), a 7.1% year-over-year decrease.

Hotel revenues were RMB274.8 million (US\$38.1 million), an 8.8% year-over-year increase. The increase was mainly attributable to an 8.9% year-over-year increase in the RevPAR of L&O hotels and more newly opened L&O hotels since the second quarter of 2023, offset by a 4.9% year-over-year decrease in the RevPAR of F&M hotels.

Restaurant revenues were RMB77.7 million (US\$10.8 million), a 38.9% year-over-year decrease. The decrease was mainly due to the strategic repositioning of this business, closing unprofitable L&O stores and opening more F&M stores.

Total revenues from leased-and-operated, or L&O, hotels and restaurants were RMB168.9 million (US\$23.4 million)^[1], a 1.2% year-over-year decrease.

Total revenues from L&O hotels were RMB122.5 million (US\$17 million)^[1], a 49.3% year-over-year increase. The increase was primarily attributable to an 8.9% year-over-year increase in the first quarter RevPAR of L&O hotels and new L&O hotels opened.

Total revenues from L&O restaurants were RMB46.4 million (US\$6.4 million)^[1], a 48.1% year-over-year decrease, mainly due to the closure of L&O restaurants and the year-over-year decrease in ADS.

Total revenues from franchised-and-managed, or F&M, hotels and restaurants were RMB 152.7million (US\$21.1 million), a 10.4% year-over-year decrease.

Total revenues from F&M hotels were RMB151.2 million (US\$20.9 million), a 10.8% year-over-year decrease. Initial franchise fees decreased 56.4% year-over-year, mainly due to the lower initial franchisee fee rate. Recurring franchisee management fees and others decreased 5.5% year-over-year, primarily due to a 4.9% decrease in F&M hotels' Revpar.

Total revenues from F&M restaurants were RMB1.5 million (US\$0.2million), a 59.3% year-over-year increase, as we opened more F&M stores.

Total revenues from wholesale and others were RMB30.6 million (US\$4.2 million), a 19.2% year-over-year decrease, which was mainly due to the decline in the wholesale segment of the restaurant business.

Total operating costs and expenses

| | Quarter Ended | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| | March 31, 2023 | March 31, 2023 | March 31, 2023 | March 31, 2023 |
| | RMB Hotel | RMB Restaurant | RMB Elimination | RMB Total |
| Operating costs and expenses | | | | |
| Operating costs | 134,236,998 | 109,219,983 | (301,671) | 243,155,310 |
| Selling and marketing expenses | 11,075,999 | 4,939,580 | - | 16,015,579 |
| General and administrative expenses | 46,092,069 | 11,663,076 | - | 57,755,145 |
| Other operating expenses | 151,220 | 1,341,263 | - | 1,492,483 |
| Impairment loss of goodwill | - | - | - | - |
| Other general expenses | 11,664,345 | - | - | 11,664,345 |
| Total operating costs and expenses | 203,220,631 | 127,163,902 | (301,671) | 330,082,862 |

| | Quarter Ended | | | | |
|-------------------------------------|----------------|-------------------|--------------------|----------------|----------------|
| | March 31, 2024 | March 31, 2024 | March 31, 2024 | March 31, 2024 | March 31, 2024 |
| | RMB Hotel | RMB Restaurant | RMB Elimination | RMB Total | US\$ Total |
| Operating costs and expenses | | | | | |
| Operating costs | 146,226,642 | 62,149,597 | (255,888) | 208,120,351 | 28,824,336 |
| Selling and marketing expenses | 15,454,623 | 2,954,313 | (19,334) | 18,389,602 | 2,546,931 |
| General and administrative expenses | 38,469,631 | 9,171,998 | - | 47,641,629 | 6,598,289 |
| Other operating expenses | 666,301 | 1,541,981 | - | 2,208,282 | 305,844 |

| | | | | | |
|---|--------------------|-------------------|------------------|--------------------|-------------------|
| Other general expenses | 5,844,575 | = | = | 5,844,575 | 809,464 |
| Total operating costs and expenses | 206,661,772 | 75,817,889 | (275,222) | 282,204,439 | 39,084,864 |

Operating costs were RMB208.1 million (US\$28.8 million)^[1], a 14.4% year-over-year decrease.

Operating costs of the hotel business were RMB146.2 million (US\$20.3 million)^[1], a 8.9% year-over-year increase. The increase was mainly attributable to higher utilities costs due to the improvement in L&O hotels' RevPAR, and higher rental and personnel costs due to the increase in the number of L&O hotels and F&M hotels.

Operating costs of the restaurant business were RMB62.1million (US\$8.6 million)^[1], a 43.1% year-over-year decrease, due to closure of L&O stores.

Selling and marketing expenses were RMB18.4 million (US\$2.5 million)^[1], a 14.8% year-over-year increase.

Selling and marketing expenses of the hotel business were RMB15.5 million (US\$2.1 million)^[1], increased from RMB11.1 million one year ago. The increase was mainly attributable to the increase in business development and sales staff numbers.

Selling and marketing expenses of the restaurant business were RMB3.0 million (US\$0.4 million)^[1], a 40.2% year-over-year decrease, mainly attributable to lower sales staff related expenses after the closure of L&O stores.

General and administrative, or G&A expenses were RMB47.6 million (US\$6.6 million)^[1], a 17.5% year-over-year decrease.

G&A expenses of the hotel business were RMB38.5 million (US\$5.3 million)^[1], a 16.5% year-over-year decrease. The decrease was mainly due to the reversal of bad debt resulting from the decrease in long-aged accounts receivable.

G&A expenses of the restaurant business were RMB9.2 million (US\$1.3 million)^[1], a 21.4% year-over-year decrease, mainly due to lower staff related expenses and lower bad debts.

Other general expenses were RMB5.8 million (US\$0.8 million)^[1], a 49.9% year-over-year decrease. These expenses include provisions for loan receivables related to franchisee loans. The year-over-year decrease was attributable to the decrease in the loan balance thanks to the repayment of overdue debts.

Gross profit was RMB144.1 million (US\$20.0 million)^[1], a year-over-year increase of 5.9%. Gross margin was 40.9%, compared to 35.9% a year ago. The gross profit of the hotel business was RMB128.6 million (US\$17.8 million)^[1], an 8.7% year-over-year increase. The gross profit of the restaurant business was RMB15.5 million (US\$2.1 million)^[1], a 13.7% year-over-year decrease.

Income from operations was RMB72.2 million (US\$10 million)^[1], compared to income from operations of RMB52.3 million in the first quarter of 2023, with a margin of 20.5%.

Income from operations of the hotel business was RMB70.4 million (US\$9.7 million)^[1], compared to an income from operations of RMB52 million in the first quarter of 2023, with a margin of 25.6%.

Income from operations of the restaurant business was RMB1.9 million (US\$0.3 million)^[1], compared to income from operations of RMB0.6 million in the first quarter of 2023, with a margin of 2.4%.

Net income was RMB57.3 million (US\$7.9 million)^[1], compared to a net income of RMB32.6 million in the first quarter of 2023, and net margin was 16.3%.

Net income of the hotel business was RMB57.3 million (US\$7.9 million)^[1], compared to a net income of RMB35.0 million in the first quarter of 2023, and net margin was 20.8%.

Net loss of the restaurant business was nil, compared to a net loss of RMB2.2 million in the first quarter of 2023.

Adjusted EBITDA (non-GAAP)^[2] was RMB109.4 million (US\$15.2 million)^[1], a year-over-year increase of 17.2%. Adjusted EBITDA margin, defined as adjusted EBITDA (non-GAAP) as a percentage of total revenues, was 31.1%, compared to 24.6% a year ago.

Core net income (non-GAAP)^[3] was RMB60.7 million (US\$8.4 million)^[1], a year-over-year increase of 21.5%. The core net margin, defined as core net income (non-GAAP) as a percentage of total revenues, was 17.2%, compared to 13.2% one year ago.

Earnings per American Depositary Share, or ADS, (basic and diluted) were RMB0.58 (US\$0.08)^[1], up from RMB0.36 one year ago. Core net income per ADS (basic and diluted) (non-GAAP) was RMB0.6 (US\$0.08)^[1], up from RMB0.49 a year ago.

Cash flow Operating cash inflow was RMB90.7 million (US\$12.6 million)^[1] as a result of income from operations. Investing cash inflow for the first quarter of 2024 was RMB213.1 million (US\$29.5 million)^[1], which was primarily attributable to proceeds from maturities of short-term investments and offset by the increase of long-term time investments. Financing cash inflow was RMB83.2 million (US\$11.5 million)^[1], mainly attributable to the drawing down of bank facilities and offset by the repayment of bank borrowings.

Cash and cash equivalents, restricted cash, short-term investments, investments in equity securities and time deposits. As of March 31, 2024, the Company had total cash and cash equivalents, restricted cash, short term investments, investments in equity securities and time deposits of RMB1,517.3 million (US\$210.1 million)^[1], compared to RMB1,337.1 million as of December 31, 2023. The increase was mainly due to continued improvement in our operating performance, drawing down of bank facilities, and repayment from franchisees.

Guidance

Based on our performance in the first five months of this year, we maintain our previous revenue guidance for the hotel business, that we expect to grow 7% to 12% year-over-year. We are withdrawing our guidance for the restaurant business given the significant revenue unpredictability resulting from its strategic repositioning.

The guidance set forth above reflects the Company's current and preliminary views based on its recovery and may not be indicative of the final financial results for any future periods or the full year.

Conference Call

GreenTree's management will hold an earnings conference call at 8:00 AM U.S. Eastern Time on June 25, 2024, (8:00 PM Beijing/Hong Kong Time on June 25, 2023).

Dial-in numbers for the live conference call are as follows:

| | |
|----------------|------------------------------|
| International | 1-412-902-4272 |
| Mainland China | 4001-201-203 |
| US | 1-888-346-8982 |
| Hong Kong | 800-905-945 or 852-3018-4992 |
| Singapore | 800-120-6157 |

Participants should ask to join the GreenTree call, please dial in approximately 10 minutes before the scheduled time of the call.

A telephone replay of the conference call will be available after the conclusion of the live conference call until July 2, 2024.

Dial-in numbers for the replay are as follows:

| | |
|-----------------------|----------------|
| International Dial-in | 1-412-317-0088 |
| U.S. Toll Free | 1-877-344-7529 |
| Canada Toll Free | 855-669-9658 |
| Passcode: | 2914023 |

Additionally, a live and archived webcast of this conference call will be available at <http://ir.998.com>.

Use of Non-GAAP Financial Measures

We believe that Adjusted EBITDA and core net income, as we present them, are useful financial metrics to assess our operating and financial performance before the impact of investing and financing transactions, income taxes and certain non-core and non-recurring items in our financial statements.

The presentation of Adjusted EBITDA and core net income should not be construed as an indication that our future results will be unaffected by other charges and gains we consider to be outside the ordinary course of our business.

The use of Adjusted EBITDA and core net income has certain limitations because it does not reflect all items of income and expenses that affect our operations. Items excluded from Adjusted EBITDA and core net income are significant components in understanding and assessing our operating and financial performance. Depreciation and amortization expense for various long-term assets, income tax and share-based compensation have been and will be incurred and are not reflected in the presentation of Adjusted EBITDA. Each of these items should also be considered in the overall evaluation of our results. Additionally, Adjusted EBITDA and core net income do not consider capital expenditures and other investing activities and should not be considered as a measure of our liquidity. We compensate for these limitations by providing the relevant disclosure of our depreciation and amortization, interest expense/income, gains/losses from investments in equity securities, income tax expenses, share-based compensation, share of loss in equity investees, government subsidies and other relevant items both in our reconciliations to the corresponding U.S. GAAP financial measures and in our consolidated financial statements, all of which should be considered when evaluating our performance.

The terms Adjusted EBITDA and core net income are not defined under U.S. GAAP, and Adjusted EBITDA and core net income are not measures of net income, operating income, operating performance or liquidity presented in accordance with U.S. GAAP. When assessing our operating and financial performance, you should not consider this data in isolation or as a substitute for our net income, operating income or any other operating performance measure that is calculated in accordance with U.S. GAAP. In addition, our Adjusted EBITDA and core net income may not be comparable to Adjusted EBITDA and core net income or similarly titled measures utilized by other companies since such other companies may not calculate Adjusted EBITDA and core net income in the same manner as we do.

Reconciliations of the Company's non-GAAP financial measures, including Adjusted EBITDA and core net income, to the consolidated statement of operations information are included at the end of this press release.

About GreenTree Hospitality Group Ltd.

GreenTree Hospitality Group Ltd. ("GreenTree" or the "Company") (NYSE: GHG) is a leading hospitality and restaurant management group in China. As of March 31, 2023, GreenTree had a total number of 4,256 hotels and 185 restaurants. In 2023, HOTELS magazine ranked GreenTree 12th among the 225 largest global hotel groups in terms of number of hotels in its annual HOTELS' 225. GreenTree was the fourth largest hospitality company in China in 2022 according to the China Hospitality Association. In 2023, GreenTree completed its acquisition of Da Niang Dumplings and Bellagio, two leading restaurant chain businesses in China.

GreenTree has a broad portfolio of diverse brands spanning from the economy to mid-scale, up-scale and luxury segments of the hospitality industry mainly in China. Through its strong membership base, expansive booking network, superior system management with moderate charges, and fully supported by its operating departments including Decoration, Engineering, Purchasing, Operation, IT and Finance, GreenTree aims to keep closer relationships with all of its clients and partners by providing a diverse brand portfolio that features comfort, style and value.

For more information on GreenTree, please visit <http://ir.998.com>

Safe Harbor Statements

This press release contains 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. In some cases, these forward-looking statements can be identified by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "potential," "continue," "is/are likely to," "confident," "future," or other similar expressions. GreenTree may also make written or oral forward-looking statements in its reports filed with or furnished to the U.S. Securities and Exchange Commission, 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. Any statements that are not historical facts, including statements about or based on GreenTree's current beliefs, expectations, assumptions, estimates and projections about us and our industry, are forward-looking statements that 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 not limited to the following: GreenTree'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 U.S. Securities and Exchange Commission. All information provided, including the forward-looking statements made, in this press release are current as of the date of the press release. Except as required by law, GreenTree 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.

Financial Tables and Operational Data Follow

GreenTree Hospitality Group Ltd. Unaudited Condensed Consolidated Balance Sheets

| | March 31 2023 RMB | March 31 2024 RMB | March 31 2024 US\$ |
|---------------------------------------|-------------------------|-------------------------|--------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | 953,822,859 | 1,152,175,405 | 159,574,451 |
| Restricted cash | 2,720,982 | 4,532,526 | 627,748 |
| Short-term investments | 225,021,572 | 31,572 | 4,373 |
| Investments in equity securities | 32,272,989 | 22,146,357 | 3,067,235 |
| Accounts receivable, net of allowance | 142,262,308 | 122,414,456 | 16,954,206 |
| Amounts due from related parties | 47,062,819 | 20,692,709 | 2,865,907 |
| Prepaid rent | - | - | - |
| Inventories | 29,534,072 | 8,400,721 | 1,163,486 |
| Other current assets | 139,201,294 | 126,002,104 | 17,451,090 |
| Loans receivable, net | 158,565,259 | 103,678,058 | 14,359,245 |
| Total current assets | 1,730,464,154 | 1,560,073,908 | 216,067,741 |
| Non-current assets: | | | |
| Amounts due from a related party | 112,360,000 | 110,000,000 | 15,234,824 |
| Restricted cash | 26,367,272 | 19,315,343 | 2,675,144 |
| Long-term time deposits | - | 285,570,000 | 39,550,988 |
| Loans receivable, net | 149,792,749 | 65,855,806 | 9,120,924 |
| Property and equipment, net | 888,599,359 | 784,053,346 | 108,590,134 |

| | | | |
|-------------------------------------|----------------------|----------------------|--------------------|
| Intangible assets, net | 178,152,988 | 176,086,468 | 16,979,834 |
| Long-term investments | 180,824,192 | 180,600,002 | 25,012,811 |
| Operating lease right-of-use assets | 1,611,536,252 | 1,555,590,403 | 215,446,782 |
| Other assets | 115,656,298 | 107,382,513 | 14,872,306 |
| Deferred tax assets | 243,093,543 | 244,795,647 | 33,903,806 |
| TOTAL ASSETS | 5,360,619,758 | 5,206,355,605 | 721,071,923 |

LIABILITIES AND EQUITY

Current liabilities:

| | | | |
|--|----------------------|----------------------|--------------------|
| Long-term bank loans, current portion | - | 200,000 | 27,700 |
| Short-term bank loans | 278,500,000 | 200,000 | 27,700 |
| Accounts payable | 128,212,354 | 64,268,468 | 8,901,080 |
| Advance from customers | 30,083,605 | 18,436,298 | 2,553,398 |
| Amounts due to related parties | 23,177,949 | 14,800,188 | 2,049,802 |
| Salary and welfare payable | 93,837,623 | 82,025,103 | 11,360,346 |
| Deferred rent | - | - | - |
| Deferred revenue | 197,096,092 | 192,051,020 | 26,598,759 |
| Accrued expenses and other current liabilities | 555,241,803 | 423,194,165 | 58,611,715 |
| Income tax payable | 71,251,884 | 121,029,924 | 16,762,451 |
| Dividends payable | - | - | - |
| Operating lease liabilities, current | 266,944,100 | 283,904,384 | 39,320,303 |
| Deferred tax liabilities | 34,408,879 | - | - |
| Total current liabilities | 1,678,754,289 | 1,200,109,550 | 166,213,254 |

| | | | |
|--|----------------------|----------------------|--------------------|
| Long-term bank loans | 160,000,000 | 256,600,000 | 35,538,690 |
| Deferred rent | - | - | - |
| Deferred revenue | 230,935,621 | 195,259,974 | 27,043,194 |
| Other long-term liabilities | 121,625,146 | 118,615,555 | 16,428,065 |
| Operating lease liabilities, non-current | 1,463,742,002 | 1,418,705,518 | 196,488,445 |
| Deferred tax liabilities | 36,591,348 | 97,657,120 | 13,525,355 |
| Unrecognized tax benefits | 365,027,137 | 389,681,763 | 53,970,301 |
| TOTAL LIABILITIES | 4,056,675,543 | 3,676,629,480 | 509,207,304 |

Shareholders' equity:

| | | | |
|--|----------------------|----------------------|--------------------|
| Class A ordinary shares | 222,587,070 | 222,587,070 | 30,827,953 |
| Class B ordinary shares | 115,534,210 | 115,534,210 | 16,001,303 |
| Paid-in capital | 94,000,801 | - | - |
| Treasury Stock | (16,971,057) | (36,677,832) | (5,079,821) |
| Additional paid-in capital | 1,491,516,416 | 1,680,729,011 | 232,778,279 |
| Retained earnings (Accumulated losses) | (665,211,634) | (509,443,169) | (70,557,064) |
| Accumulated other comprehensive income | 28,542,678 | 20,783,387 | 2,878,466 |
| Total GreenTree Hospitality Group Ltd. shareholders' equity | 1,269,998,484 | 1,493,512,677 | 206,849,116 |

| | | | |
|-----------------------------------|----------------------|----------------------|--------------------|
| Non-controlling interests | 33,945,729 | 36,213,449 | 5,015,505 |
| Total shareholders' equity | 1,303,944,213 | 1,529,726,126 | 211,864,621 |

| | | | |
|---|----------------------|----------------------|--------------------|
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 5,360,619,758 | 5,206,355,605 | 721,071,923 |
|---|----------------------|----------------------|--------------------|

GreenTree Hospitality Group Ltd.
Unaudited Condensed Consolidated Statements of Comprehensive Income
Quarter Ended

| | March 31, 2023 RMB | March 31, 2024 RMB | March 31, 2024 US\$ |
|--|--------------------------|--------------------------|---------------------------|
|--|--------------------------|--------------------------|---------------------------|

Revenues

Leased-and-operated

| | | | |
|--|----------------------|----------------------|---------------------|
| revenues | 170,890,916 | 168,909,772 | 23,393,733 |
| Franchised-and-managed revenues | 170,444,376 | 152,694,853 | 21,147,993 |
| Wholesales and others | 37,885,127 | 30,622,804 | 4,241,209 |
| Total revenues | 379,220,419 | 352,227,429 | 48,782,935 |
| Operating costs and expenses | | | |
| Operating costs | (243,155,310) | (208,120,351) | (28,824,336) |
| Selling and marketing expenses | (16,015,579) | (18,389,602) | (2,546,931) |
| General and administrative expenses | (57,755,145) | (47,641,629) | (6,598,289) |
| Other operating expenses | (1,492,483) | (2,208,282) | (305,844) |
| Impairment loss of goodwill | | | |
| Other general expenses | (11,664,345) | (5,844,575) | (809,464) |
| Total operating costs and expenses | (330,082,862) | (282,204,439) | (39,084,864) |
| Other operating income | 3,159,519 | 2,225,933 | 308,288 |
| Income from operations | 52,297,076 | 72,248,923 | 10,006,359 |
| Interest income and other, net | 7,629,014 | 8,946,539 | 1,239,081 |
| Interest expense | (5,528,061) | (1,739,829) | (240,964) |
| Gains (losses) from investment in equity securities | (4,536,562) | (9,252,584) | (1,281,468) |
| Other income, net | (2,149,582) | 13,234,570 | 1,832,967 |
| Income before income taxes | 47,711,885 | 83,437,619 | 11,555,975 |
| Income tax expense | (14,708,875) | (26,447,961) | (3,663,000) |
| Income (loss) before share of gains in equity investees | 33,003,010 | 56,989,658 | 7,892,975 |
| Share of loss/(income) in equity investees, net of tax | (445,618) | 305,209 | 42,271 |
| Net income(loss) | 32,557,392 | 57,294,867 | 7,935,246 |
| Net loss/(income) attributable to non-controlling interests | 3,768,594 | 1,601,766 | 221,842 |
| Net income attributable to ordinary shareholders | 36,325,986 | 58,896,633 | 8,157,088 |
| Net earnings per share | | | |
| Class A ordinary share-basic and diluted | 0.36 | 0.58 | 0.08 |
| Class B ordinary share-basic and diluted | 0.36 | 0.58 | 0.08 |
| Net earnings per ADS | | | |
| Class A ordinary share-basic and diluted | 0.36 | 0.58 | 0.08 |
| Class B ordinary share-basic and diluted | 0.36 | 0.58 | 0.08 |
| Weighted average shares outstanding | | | |
| Class A ordinary share-basic and diluted | 0.36 | 0.58 | 0.08 |
| Class B ordinary share-basic and diluted | 0.36 | 0.58 | 0.08 |
| Other comprehensive income, net of tax | | | |
| Foreign currency translation adjustments | 810,574 | (7,617,895) | (1,055,066) |
| Unrealized gains(loss) on available-for-sale investments, net of tax | - | - | - |
| Comprehensive income, | | | |

| | | | |
|--|--------------------------|--------------------------|-------------------------|
| net of tax | <u>33,367,966</u> | <u>49,676,972</u> | <u>6,880,180</u> |
| Comprehensive loss/(income) attributable to non-controlling interests | 3,768,594 | 1,601,766 | 221,842 |
| Comprehensive income (loss) attributable to ordinary shareholders | <u>37,136,560</u> | <u>51,278,738</u> | <u>7,102,022</u> |

**GreenTree Hospitality Group Ltd.
Unaudited Hotel Business Results**

| | Quarter Ended | | |
|--|-----------------------------|-----------------------------|----------------------------|
| | March 31, 2023 RMB | March 31, 2024 RMB | March 31, 2024 US\$ |
| Revenues | | | |
| Leased-and-operated revenues | 82,073,240 | 122,541,793 | 16,971,842 |
| Franchised-and-managed revenues | 169,480,457 | 151,159,511 | 20,935,350 |
| Others | 1,036,848 | 1,144,727 | 158,543 |
| Total revenues | <u>252,590,545</u> | <u>274,846,031</u> | <u>38,065,735</u> |
| Operating costs and expenses | | | |
| Hotel operating costs | (134,236,998) | (146,226,642) | (20,252,156) |
| Selling and marketing expenses | (11,075,999) | (15,454,623) | (2,140,441) |
| General and administrative expenses | (46,092,069) | (38,469,631) | (5,327,982) |
| Other operating expenses | (151,220) | (666,301) | (92,282) |
| Other general expenses | (11,664,345) | (5,844,575) | (809,464) |
| Total operating costs and expenses | <u>(203,220,631)</u> | <u>(206,661,772)</u> | <u>(28,622,325)</u> |
| Other operating income | 2,608,096 | 2,182,615 | 302,289 |
| Income from operations | <u>51,978,010</u> | <u>70,366,874</u> | <u>9,745,699</u> |
| Interest income and other, net | 7,475,298 | 8,930,356 | 1,236,840 |
| Interest expense | (4,724,690) | (1,740,682) | (241,082) |
| Gains (losses) from investment in equity securities | (4,536,562) | (9,310,256) | (1,289,456) |
| Other income, net | (2,426,540) | 13,304,900 | 1,842,707 |
| Income before income taxes | <u>47,765,516</u> | <u>81,551,192</u> | <u>11,294,708</u> |
| Income tax expense | (12,365,854) | (24,556,921) | (3,401,094) |
| Income (loss) before share of gains in equity investees | <u>35,399,662</u> | <u>56,994,271</u> | <u>7,893,614</u> |
| Share of loss/(income) in equity investees, net of tax | (445,618) | 305,209 | 42,271 |
| Net income(loss) | <u>34,954,044</u> | <u>57,299,480</u> | <u>7,935,885</u> |

**GreenTree Hospitality Group Ltd.
Unaudited Restaurant Business Results**

| | Quarter Ended | | |
|------------------------------|--------------------------|--------------------------|---------------------------|
| | March 31, 2023 RMB | March 31, 2024 RMB | March 31, 2024 US\$ |
| Revenues | | | |
| Leased-and-operated revenues | 89,376,893 | 46,367,979 | 6,421,891 |
| Franchised-and-managed | | | |

| | | | |
|--|----------------------|---------------------|---------------------|
| revenues | 963,919 | 1,535,341 | 212,642 |
| Wholesales and others | 36,848,279 | 29,753,299 | 4,120,784 |
| Total revenues | 127,189,091 | 77,656,619 | 10,755,317 |
| Operating costs and expenses | | | |
| Restaurant operating costs | (109,219,983) | (62,149,597) | (8,607,620) |
| Selling and marketing expenses | (4,939,580) | (2,954,313) | (409,168) |
| General and administrative expenses | (11,663,076) | (9,171,998) | (1,270,307) |
| Other operating expenses | (1,341,263) | (1,541,981) | (213,562) |
| Total operating costs and expenses | (127,163,902) | (75,817,889) | (10,500,657) |
| Other operating income | 551,423 | 43,318 | 5,999 |
| Income from operations | 576,612 | 1,882,048 | 260,659 |
| Interest income and other, net | 153,716 | 16,183 | 2,241 |
| Interest expense | (803,371) | 853 | 118 |
| Gains (losses) from investment in equity securities | - | 57,672 | 7,987 |
| Other income, net | 276,958 | (70,330) | (9,741) |
| Income before income taxes | 203,915 | 1,886,426 | 261,264 |
| Income tax expense | (2,407,407) | (1,891,040) | (261,906) |
| Income (loss) before share of gains in equity investees | (2,203,492) | (4,614) | (642) |
| Share of loss/(income) in equity investees, net of tax | - | - | - |
| Net income(loss) | (2,203,492) | (4,614) | (642) |

| GreenTree Hospitality Group Ltd. | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Unaudited Condensed Consolidated Statements | | | | |
| | Quarter Ended | Quarter Ended | Quarter Ended | Quarter Ended |
| | March 31, 2023 | March 31, 2023 | March 31, 2023 | March 31, 2023 |
| | Hotel | Restaurant | Elimination | Total |
| | RMB | RMB | RMB | RMB |
| Revenues | | | | |
| Leased-and-operated revenues | 82,073,240 | 89,376,893 | (559,217) | 170,890,916 |
| Franchised-and-managed revenues | 169,480,457 | 963,919 | - | 170,444,376 |
| Wholesales and Others | 1,036,848 | 36,848,279 | - | 37,885,127 |
| Total revenues | 252,590,545 | 127,189,091 | (559,217) | 379,220,419 |
| Operating costs and expenses | | | | |
| Operating costs | (134,236,998) | (109,219,983) | 301,671 | (243,155,310) |
| Selling and marketing expenses | (11,075,999) | (4,939,580) | - | (16,015,579) |
| General and administrative expenses | (46,092,069) | (11,663,076) | - | (57,755,145) |
| Other operating expenses | (151,220) | (1,341,263) | - | (1,492,483) |
| Other general expenses | (11,664,345) | - | - | (11,664,345) |
| Total operating costs and expenses | (203,220,631) | (127,163,902) | 301,671 | (330,082,862) |
| Other operating income | 2,608,096 | 551,423 | - | 3,159,519 |
| Income from operations | 51,978,010 | 576,612 | (257,546) | 52,297,076 |

| GreenTree Hospitality Group Ltd. | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Unaudited Condensed Consolidated Statements | | | | |
| | Quarter Ended | Quarter Ended | Quarter Ended | Quarter Ended |
| | March 31, 2024 | March 31, 2024 | March 31, 2024 | March 31, 2024 |
| | Hotel | Restaurant | Elimination | Total |
| | RMB | RMB | RMB | RMB |
| Revenues | | | | |
| Leased-and-operated revenues | 122,541,793 | 46,367,979 | - | 168,909,772 |
| Franchised-and-managed revenues | 151,159,511 | 1,535,341 | - | 152,694,853 |
| Wholesales and Others | 1,144,727 | 29,753,299 | (275,222) | 30,622,804 |
| Total revenues | 274,846,031 | 77,656,619 | (275,222) | 352,227,429 |
| Operating costs and expenses | | | | |
| Operating costs | (146,226,642) | (62,149,597) | 255,888 | (208,120,351) |
| Selling and marketing expenses | (15,454,623) | (2,954,313) | 19,334 | (18,389,602) |
| General and administrative expenses | (38,469,631) | (9,171,998) | - | (47,641,629) |
| Other operating expenses | (666,301) | (1,541,981) | - | (2,208,282) |
| Other general expenses | (5,844,575) | - | - | (5,844,575) |
| Total operating costs and expenses | (206,661,772) | (75,817,889) | 275,222 | (282,204,439) |
| Other operating income | 2,182,615 | 43,318 | - | 2,225,933 |
| Income from operations | 70,366,874 | 1,882,048 | - | 72,248,923 |

| GreenTree Hospitality Group Ltd. | | | |
|---|-----------------------|-----------------------|-----------------------|
| Unaudited Condensed Consolidated Statements of Cash Flows | | | |
| | Quarter Ended | | |
| | March 31, 2023 | March 31, 2024 | March 31, 2024 |
| | RMB | RMB | US\$ |
| Operating activities: | | | |
| Net (loss) income | 32,557,392 | 57,294,867 | 7,935,247 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 31,337,638 | 31,341,704 | 4,340,776 |
| Impairment of long-lived assets | 2,900,000 | - | - |
| Share of □income□loss in equity method investments | 445,618 | (305,209) | (42,271) |
| Noncash lease expense | 64,053,832 | 64,818,043 | 8,977,195 |
| Loss from disposal of a subsidiary | 1,223,952 | - | - |
| Interest income | (390,378) | - | - |
| Bad debt expenses | 12,359,278 | 5,473,571 | 758,081 |
| (Gains) losses and impairment on equity securities held | 4,536,562 | 9,252,584 | 1,281,468 |
| Loss (gains) on disposal of property, plant and equipment | (113,587) | 2,352,048 | 325,755 |
| Foreign exchange □gains□losses | 987,543 | (8,088,429) | (1,120,234) |
| Share-based compensation | (11,636) | 15,662 | 2,169 |
| Accounts receivable | (7,050,882) | 1,844,427 | 255,450 |
| Inventories | 969,640 | 12,061,769 | 1,670,536 |
| Amounts due from related parties | (961,185) | (397,603) | (55,067) |
| Other current assets | (7,726,682) | (5,490,017) | (760,359) |
| Other assets | 4,964,235 | (2,656,913) | (367,978) |
| Accounts payable | 4,690,325 | (8,858,209) | (1,226,848) |
| Amounts due to related parties | (1,632,355) | (1,876,431) | (259,883) |
| Salary and welfare payable | 4,494,565 | (4,306,993) | (596,512) |
| Deferred revenue | (4,481,873) | (6,876,613) | (952,400) |
| Advance from customers | 3,602,826 | (3,956,799) | (548,010) |
| Accrued expenses and other current liabilities | 76,271,975 | (23,815,642) | (3,298,428) |
| Income tax payable | 18,311,461 | 8,247,211 | 1,142,226 |
| Unrecognized tax benefits | 15,024,896 | 7,555,977 | 1,046,491 |
| Operating lease liabilities | (56,063,542) | (41,913,938) | (5,805,013) |
| Other long-term liabilities | (6,570,885) | (1,096,187) | (151,820) |

| | | | |
|--|---------------------|----------------------|--------------------|
| Deferred taxes | (28,194,988) | 110,338 | 15,282 |
| Net cash provided by operating activities | 165,533,745 | 90,729,218 | 12,565,853 |
| Investing activities: | | | |
| Purchases of property, plant and equipment | (34,116,117) | (10,554,525) | (1,461,785) |
| Purchases of intangible assets | (42,454) | - | - |
| Proceeds from disposal of property, plant and equipment | 6,973,574 | 1,733,100 | 240,032 |
| Proceeds from maturities of short-term investments | 91,400,378 | 419,362,037 | 58,080,971 |
| Purchases of long-term investments | - | (222,230,000) | (30,778,500) |
| Proceeds from disposal of a subsidiary | 18,900,000 | - | - |
| Loan to third parties | (1,000,000) | - | - |
| Repayment of loan from third parties | 468,319 | 1,371,953 | 190,013 |
| Loan to franchisees | (7,029,596) | - | - |
| Repayment from franchisees | 26,834,584 | 23,461,007 | 3,249,312 |
| Net cash (used in) provided by investing activities | 102,388,688 | 213,143,572 | 29,520,043 |
| Financing activities: | | | |
| Repayment of bank loans | (136,600,000) | (116,800,000) | (16,176,613) |
| Proceeds from bank loans | 117,000,000 | 200,000,000 | 27,699,680 |
| Capital contribution from non-controlling interest holders | - | - | - |
| Net cash provided by (used in) financing activities | (19,600,000) | 83,200,000 | 11,523,067 |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash | (40,524) | (2,650,223) | (367,052) |
| Net (decrease) increase in cash and cash equivalents | 248,281,909 | 384,422,562 | 53,241,910 |
| Cash and cash equivalents at the beginning of the period | 734,629,202 | 791,600,712 | 109,635,432 |
| Cash and cash equivalents at the end of the period | 982,911,111 | 1,176,023,274 | 162,877,342 |

GreenTree Hospitality Group Ltd.
Unaudited Reconciliation of GAAP and Non-GAAP Results

| | Quarter Ended | | |
|---|-----------------------|-----------------------|------------------------|
| | March 31, 2023 RMB | March 31, 2024 RMB | March 31, 2024 US\$ |
| Net income | 32,557,393 | 57,294,867 | 7,935,247 |
| Deduct: | | | |
| Other operating income | 3,159,519 | 2,225,933 | 308,288 |
| Interest income and other, net | 7,629,014 | 8,946,539 | 1,239,081 |
| Share of gain in equity investees, net of tax | - | 305,209 | 42,271 |
| Other income, net | - | 13,234,570 | 1,832,967 |
| Add: | | | |
| Other operating expenses | 1,492,483 | 2,208,282 | 305,844 |
| Other general expenses | 11,664,345 | 5,844,575 | 809,464 |
| Income tax expenses (benefits) | 14,708,875 | 26,447,961 | 3,663,000 |
| Share of loss in equity investees, net of tax | 445,618 | - | - |
| Interest expenses | 5,528,061 | 1,739,829 | 240,964 |
| Depreciation and amortization | 31,080,092 | 31,341,704 | 4,340,776 |
| Losses from investment in equity securities | 4,536,562 | 9,252,584 | 1,281,468 |
| Other expense, net | 2,149,582 | - | - |
| Adjusted EBITDA (Non-GAAP) | 93,374,478 | 109,417,551 | 15,154,156 |

| | Quarter Ended | | |
|--|-----------------------|-----------------------|------------------------|
| | March 31, 2023 RMB | March 31, 2024 RMB | March 31, 2024 US\$ |

Net income 32,557,393 57,294,867 7,935,247

Deduct:

| | | | |
|---|---------|-----------|-----------|
| Government subsidies (net of 25% tax) | 396,060 | 259,886 | 35,994 |
| Gains from investment in equity securities (net of 25% tax) | - | - | - |
| Other income (net of 25% tax) | - | 9,925,928 | 1,374,725 |

Add:

| | | | |
|---|------------|-----------|---------|
| Share-based compensation | (11,636) | 15,662 | 2,169 |
| Losses from investments in equity securities (net of 25% tax) | 3,402,422 | 6,939,438 | 961,101 |
| Other expense (net of 25% tax) | 1,612,187 | - | - |
| One-time fees and expenses | 1,147,778 | 815,188 | 112,902 |
| Other general expenses | 11,664,345 | 5,844,575 | 809,464 |

Core net income (Non-GAAP) 49,976,429 60,723,916 8,410,164

Core net income per ADS (Non-GAAP)

| | | | |
|--|------|------|------|
| Class A ordinary share-basic and diluted | 0.49 | 0.60 | 0.08 |
| Class B ordinary share-basic and diluted | 0.49 | 0.60 | 0.08 |

Hotel Operational Data

| | March 31, 2023 | March 31, 2024 |
|---------------------------------------|----------------|----------------|
| Total hotels in operation: | 4,084 | 4,256 |
| Leased and owned hotels | 64 | 66 |
| Franchised hotels | 4,020 | 4,190 |
| Total hotel rooms in operation | 302,425 | 313,531 |
| Leased and owned hotels | 6,992 | 7,392 |
| Franchised hotels | 295,433 | 306,139 |
| Number of cities | 355 | 345 |

| | Quarter Ended | |
|---|---------------|---------|
| | 2023 Q1 | 2024 Q1 |
| Occupancy rate (as a percentage) | | |
| Leased-and-owned hotels | 62.9 % | 66.6 % |
| Franchised hotels | 71.9 % | 67.9 % |
| Blended | 71.7 % | 67.8 % |
| Average daily rate (in RMB) | | |
| Leased-and-owned hotels | 229 | 235 |
| Franchised hotels | 166 | 167 |
| Blended | 167 | 169 |
| RevPAR (in RMB) | | |
| Leased-and-owned hotels | 144 | 157 |
| Franchised hotels | 119 | 113 |
| Blended | 120 | 114 |

| | Number of Hotels in Operation | | Number of Hotel Rooms in Operation | |
|-------------------------|-------------------------------|----------------|------------------------------------|----------------|
| | March 31, 2023 | March 31, 2024 | March 31, 2023 | March 31, 2024 |
| Mid-to-up-scale | 425 | 498 | 41,124 | 47,264 |
| GreenTree Eastern | 202 | 233 | 22,212 | 25,191 |
| Deepsleep Hotel | 7 | 7 | 534 | 534 |
| Gem | 54 | 75 | 4,845 | 6,588 |
| Gya | 69 | 74 | 5,809 | 6,121 |
| Vx | 86 | 95 | 7,492 | 8,263 |
| Urban Garden and others | 7 | 14 | 232 | 567 |
| Mid-scale | 2,952 | 2,942 | 230,729 | 230,362 |
| GreenTree Inn | 2,225 | 2,260 | 182,242 | 182,570 |
| GT Alliance | 544 | 493 | 38,084 | 37,290 |
| GreenTree Dianjing | 55 | 58 | 1,305 | 1,296 |
| GreenTree Apartment | 20 | 21 | 1,289 | 1,382 |

| | | | | |
|------------------------------|--------------|--------------|----------------|----------------|
| Vatica | 108 | 110 | 7,809 | 7,824 |
| City 118 Selected and others | - | - | - | - |
| Economy hotels | 707 | 816 | 30,572 | 35,905 |
| Shell | 707 | 816 | 30,572 | 35,905 |
| City 118 and others | - | - | - | - |
| Total | 4,084 | 4,256 | 302,425 | 313,531 |

Restaurant Operational Data

| | March 31, 2023 | March 31, 2024 |
|--|----------------|----------------|
| Total restaurants in operation: | 255 | 185 |
| Leased and owned restaurants | 116 | 27 |
| Franchised restaurants | 139 | 158 |
| Number of cities | 64 | 53 |
| Da Niang Dumplings | 219 | 153 |
| Bellagio | 36 | 32 |

| | Quarter Ended | |
|------------------------------|---------------|---------|
| | 2023 Q1 | 2024 Q1 |
| ADT | | |
| Leased-and-owned restaurants | 61 | 44 |
| Franchised restaurants | 48 | 50 |
| Blended | 109 | 94 |
| AC (in RMB) | | |
| Leased-and-owned restaurants | 67 | 80 |
| Franchised restaurants | 40 | 40 |
| Blended | 55 | 59 |
| ADS (in RMB) | | |
| Leased-and-owned restaurants | 4,135 | 3,484 |
| Franchised restaurants | 1,915 | 2,041 |
| Blended | 6,050 | 5,525 |

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