



GreenTree Hospitality Group



Fourth Quarter and Fiscal Year 2023 Results

March 25, 2024





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**2023Q4 and Fiscal Year
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01

2023Q4 and Fiscal Year Performance Review



	RMB	Compared with 2022Q4 ⁽¹⁾
RevPAR	128	Up 23.3%
ADS(Average Daily Sales Per Store)	5,433	Up 14%
Total Revenues	372.2MM	Up 3.2%
<i>Hotel Revenues</i>	289.6MM	Up 21.7%
Income from Operations	23.1MM	Up 125.0% with margin 26.7%
<i>Adjusted Income from Operations</i> ⁽²⁾	99.2MM	
Net Income	7.4MM	Up 168.0% with margin 22.5%
<i>Adjusted Net Income</i> ⁽³⁾	83.6MM	
Adjusted EBITDA (Non-GAAP) ⁽⁴⁾	116.3MM	Up 2.1% with margin 31.3%

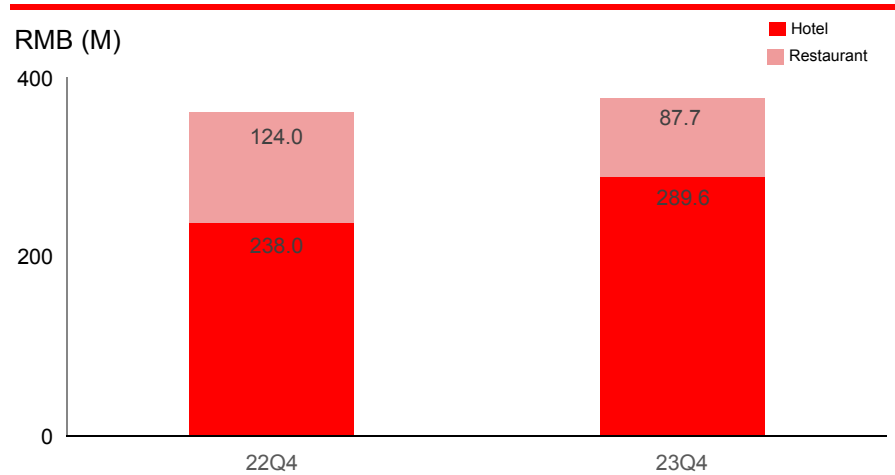
Note:

1. As Da Niang Dumplings and Bellagio, two leading restaurant chain businesses in China, were all under the control of GreenTree Inns Hotel Management Group, Inc., 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 Income from Operations is defined as income from operations excluding other general expenses, which includes provisions for trademarks especially due to the acquisition of the restaurant business, loan receivables related to franchisee loans, and impairment of assets.
3. Adjusted Net Income from Operations is defined as net income excluding other general expenses, which includes include provisions for trademarks especially due to the acquisition of the restaurant business, loan receivables related to franchisee loans, and impairment of assets.
4. 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.

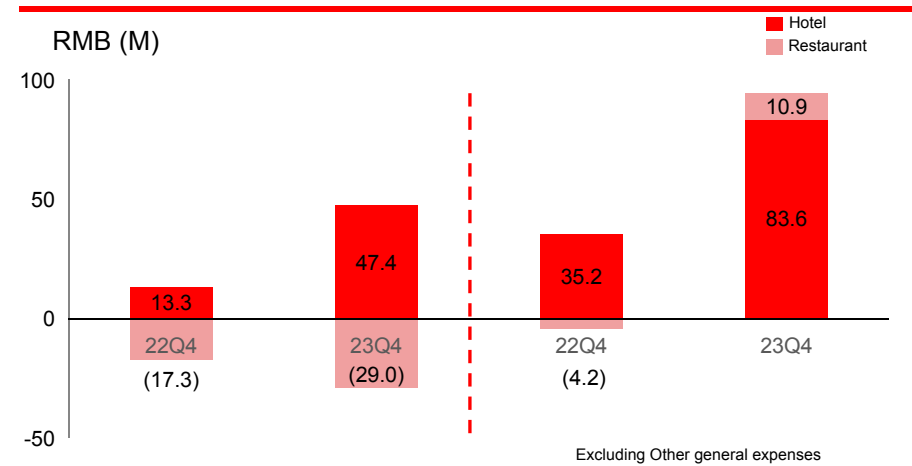
Overview of 2023Q4



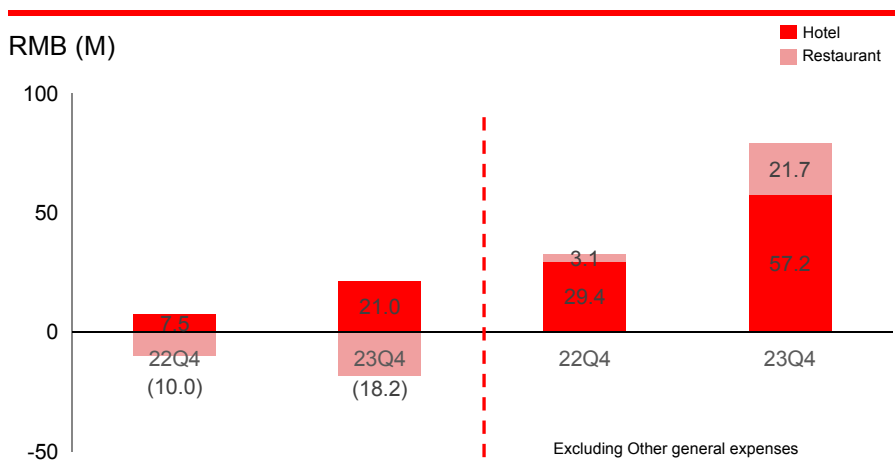
Total Revenues



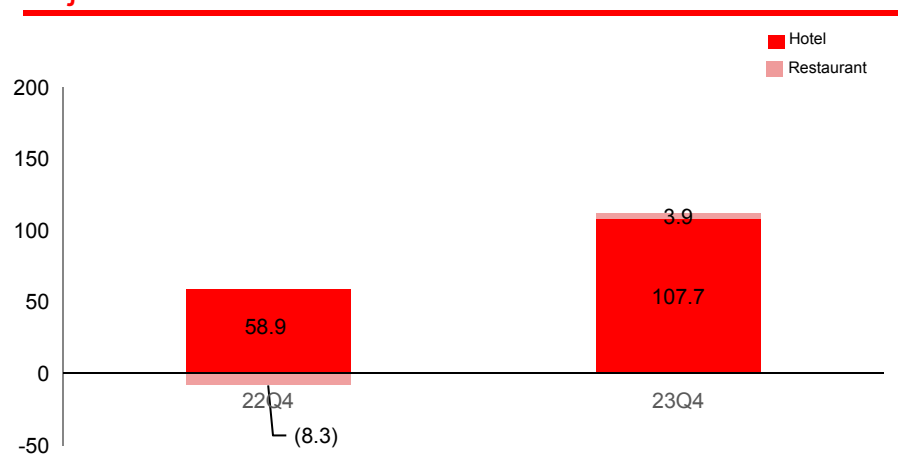
Income from Operations



Net Income



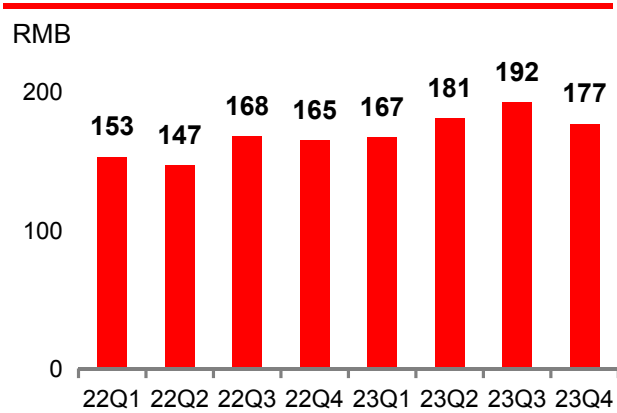
Adjusted EBITDA



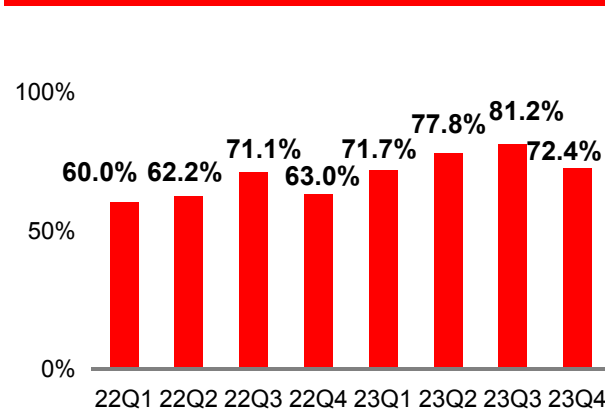
Overview of Hotels



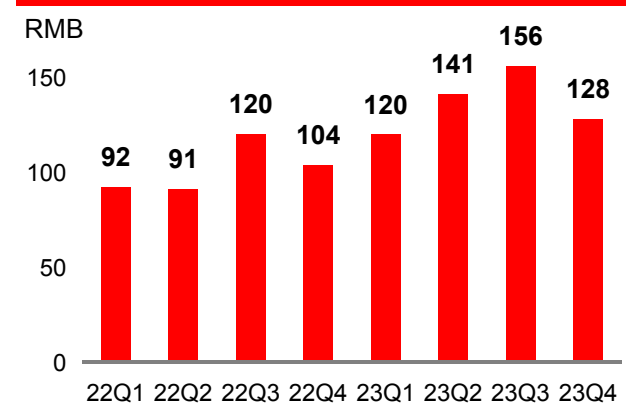
ADR



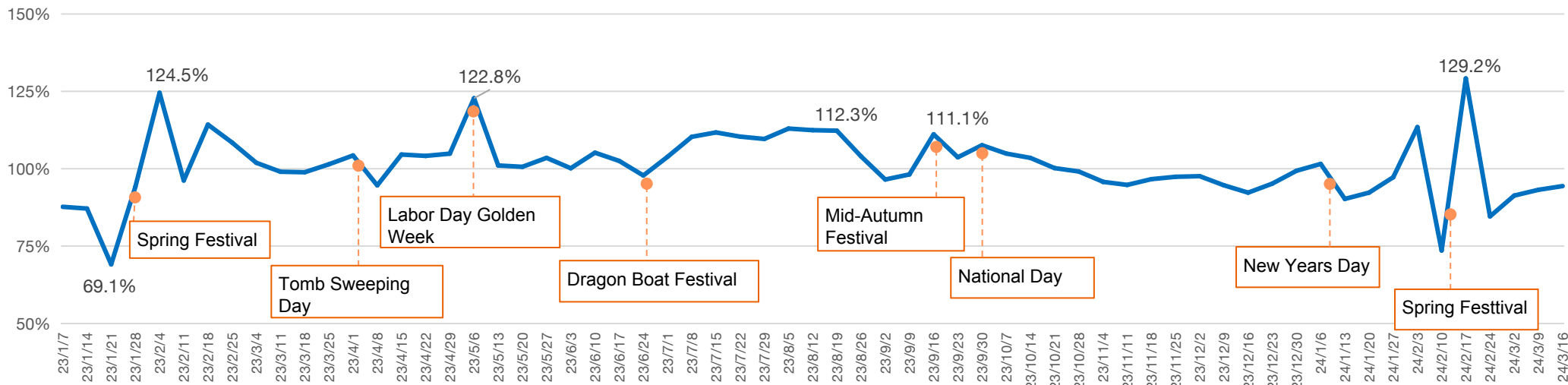
Occupancy



RevPAR



RevPAR as % of 2019⁽¹⁾



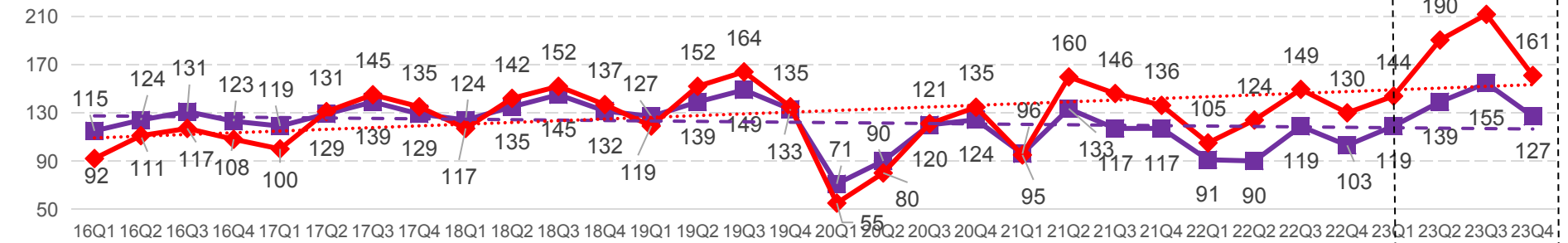
Note:
1. Based upon weekly average RevPAR

Hotel Performance



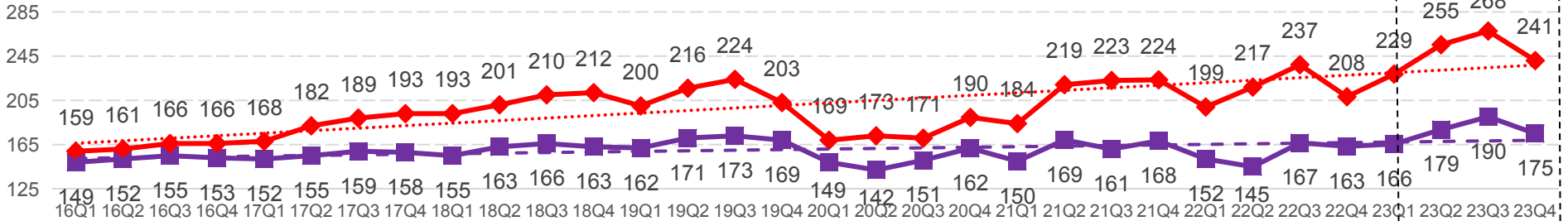
RevPAR

RMB

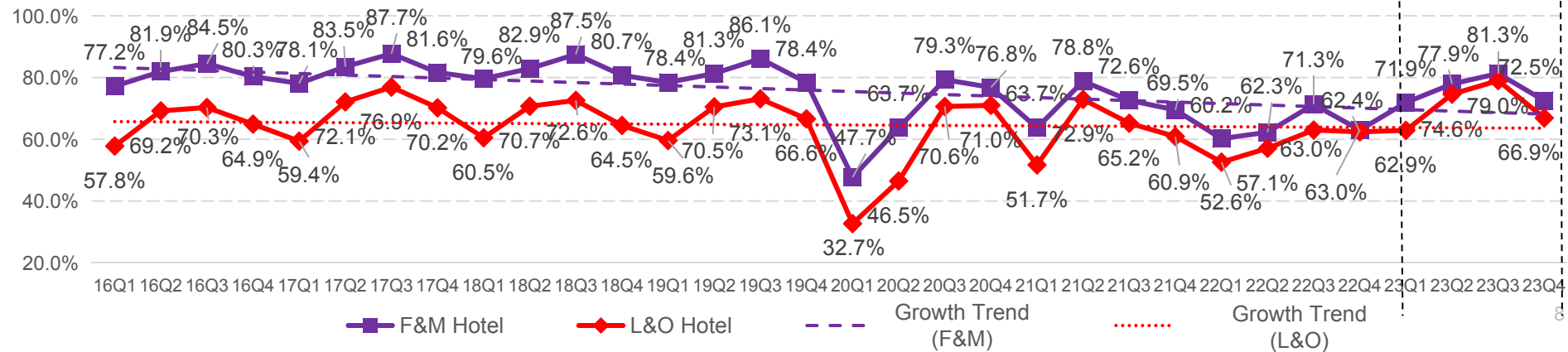


ADR

RMB

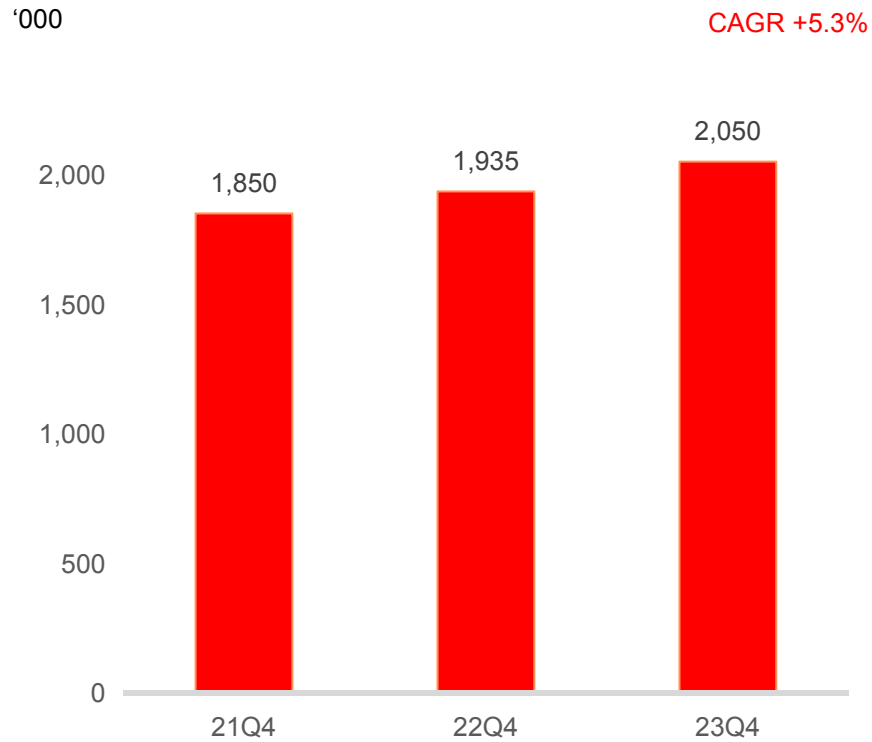


Occupancy

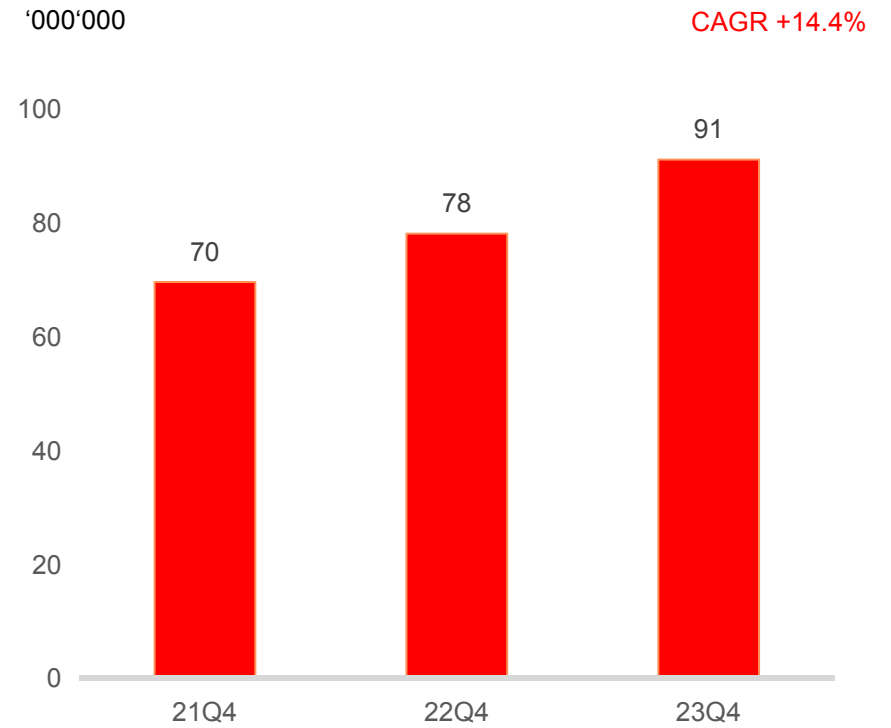




Corporate Members



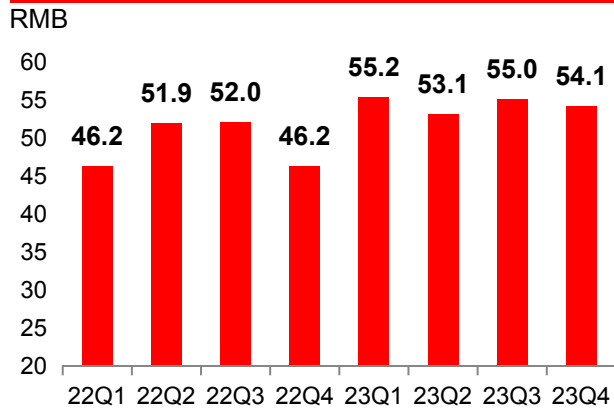
Individual Members



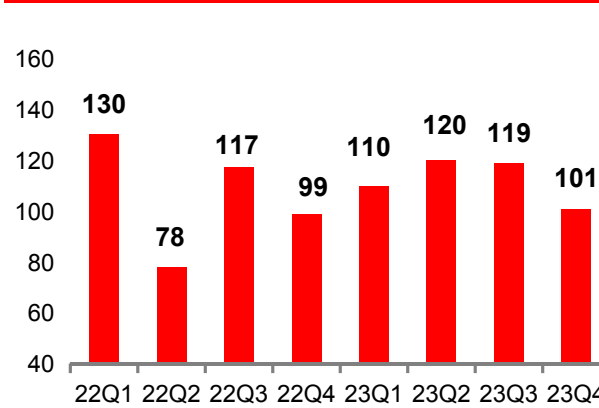
Overview of Restaurants



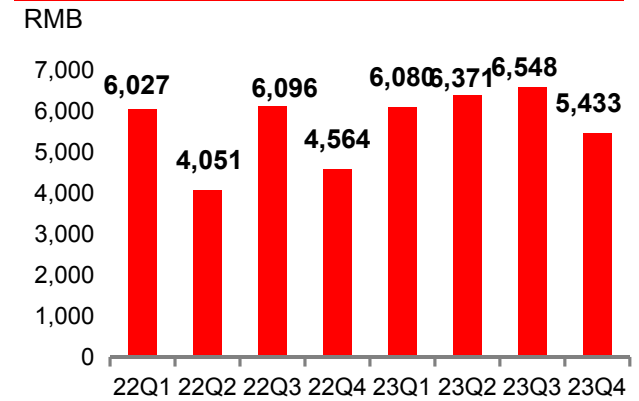
AC (1)



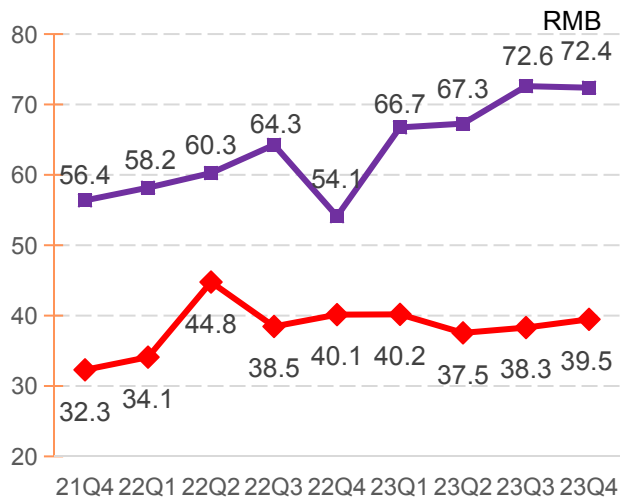
ADT (2)



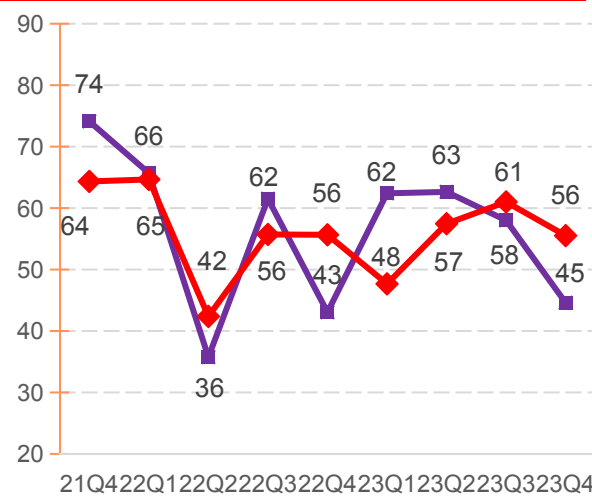
ADS (3)



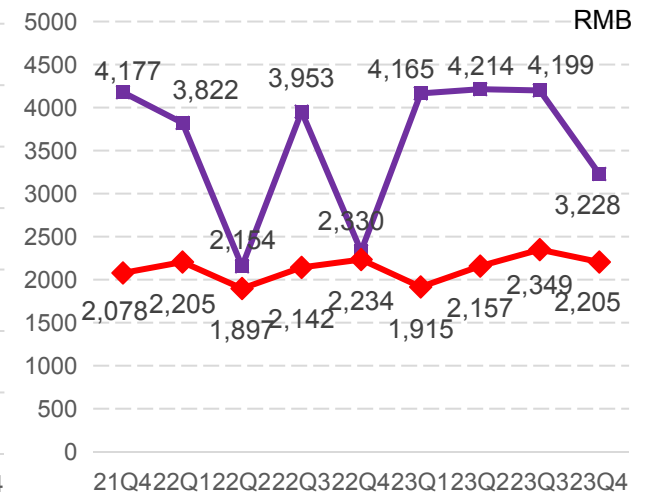
AC (1)



ADT (2)

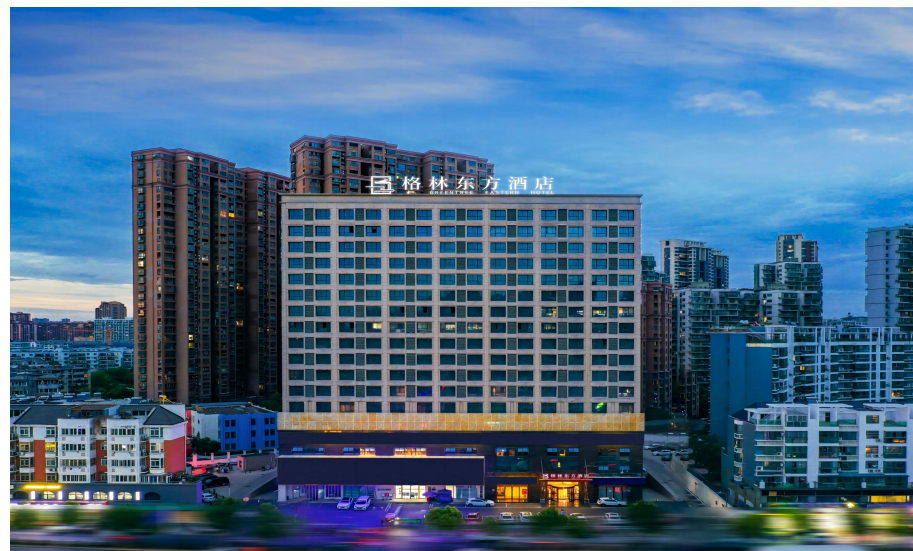
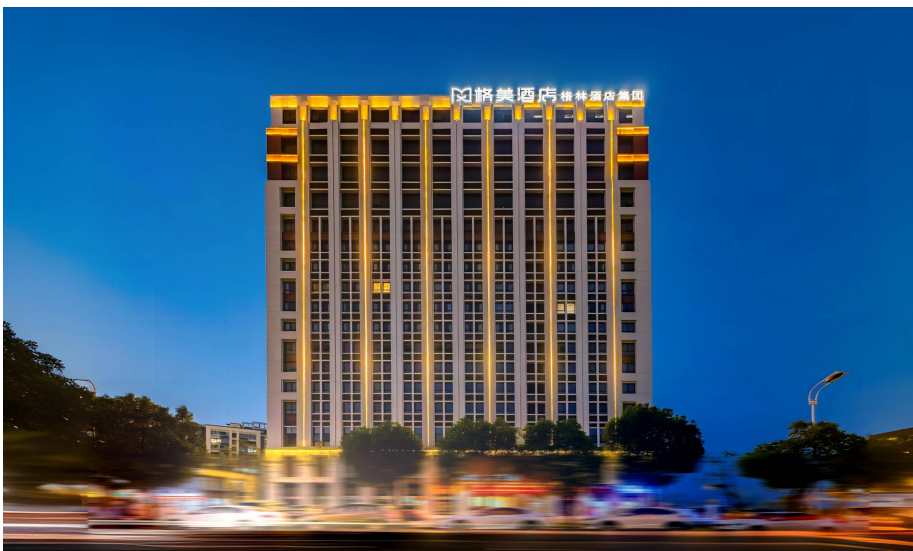
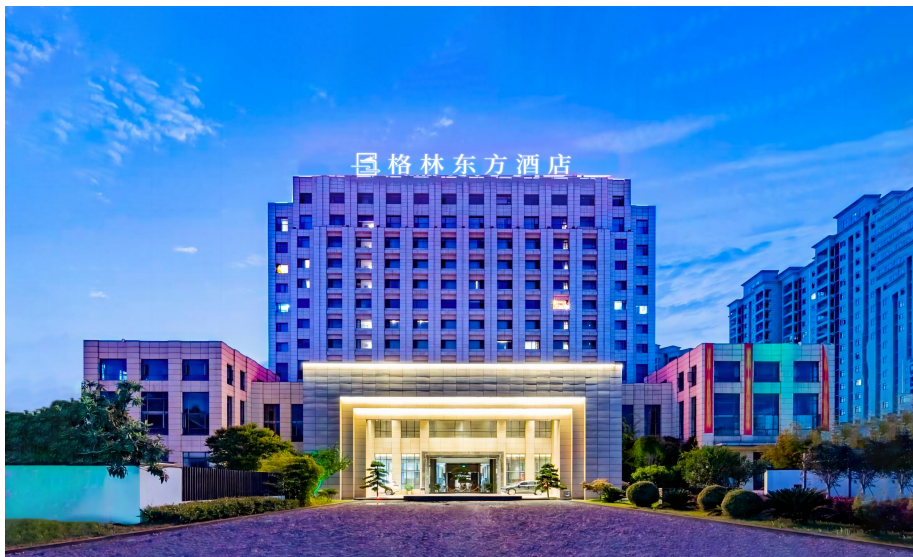


ADS (3)



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

■ Dine In ■ Delivery



02

2023Q4 and Fiscal Year Strategic Execution



Further Expansion into Mid-to-Upscale Segment

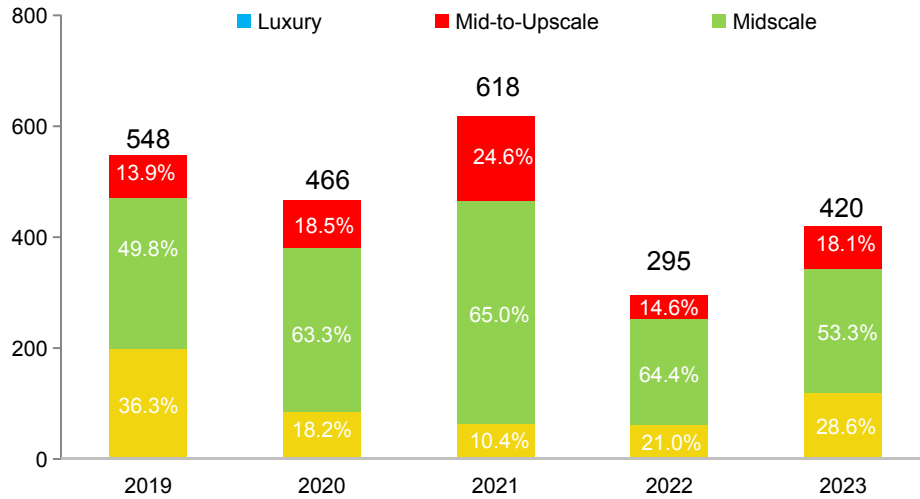


Greater Penetration in Tier 3 and Lower Cities in South China

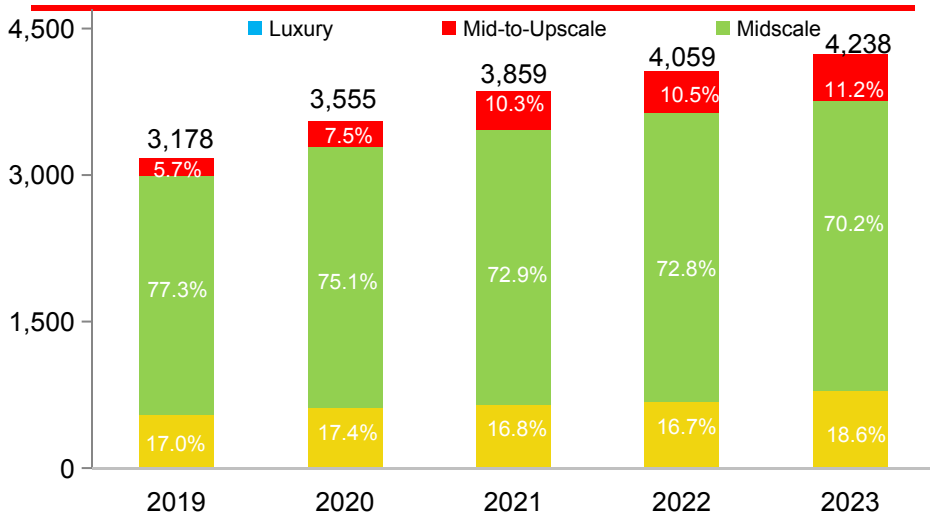
Further Expansion into Mid-to-UpScale Segment



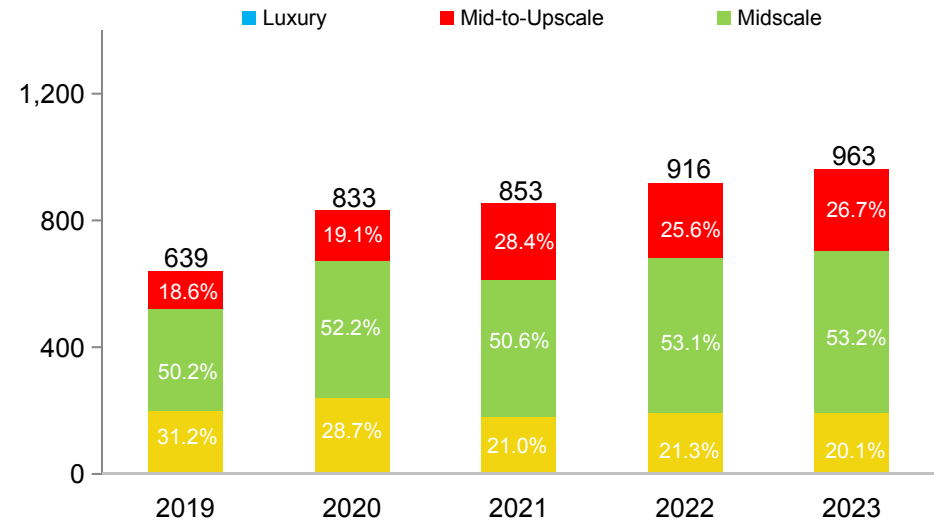
Organic New Openings ⁽¹⁾ Breakdown by Segment



Organic Hotel ⁽²⁾ Breakdown by Segment



Organic Pipeline ⁽³⁾ Breakdown by Segment



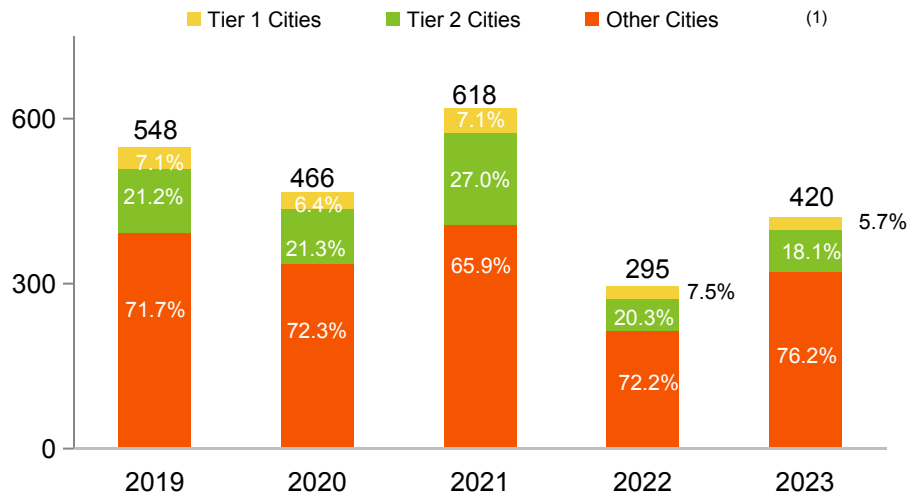
Note:

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.

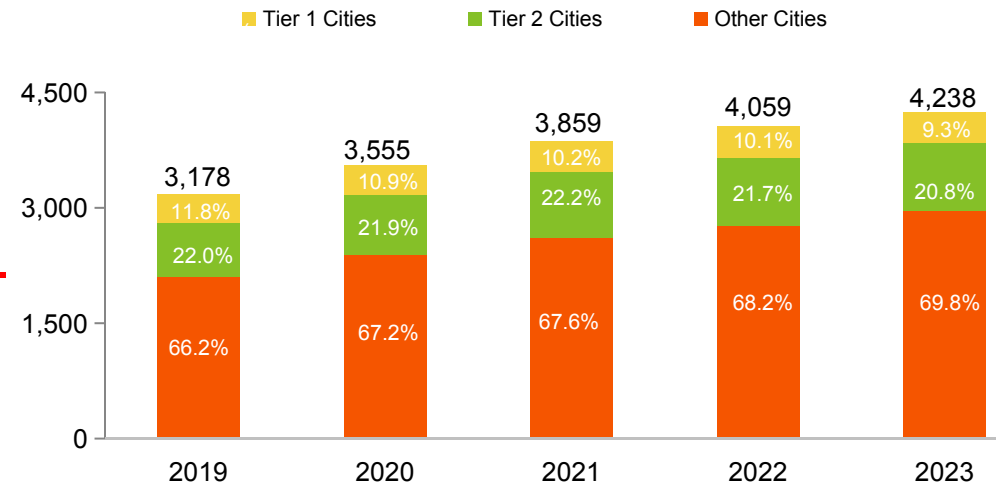
Greater Penetration in Tier 3 and Lower Cities



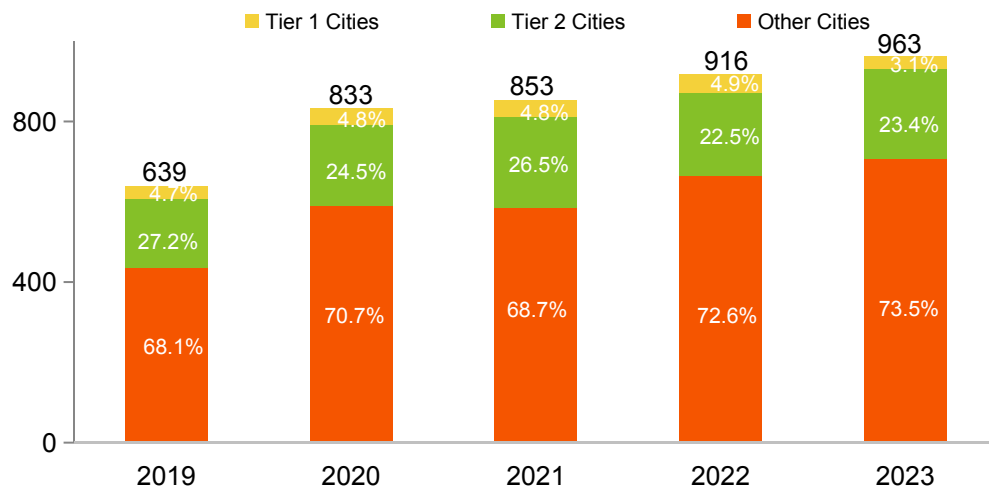
Organic New Openings Breakdown by City Tier



Organic Hotel Breakdown by City Tier



Organic Pipeline Breakdown by City Tier



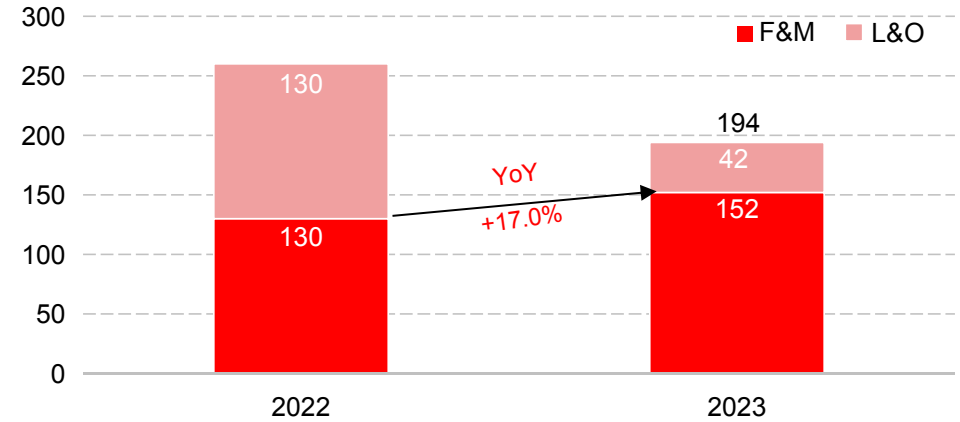
Note:

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.



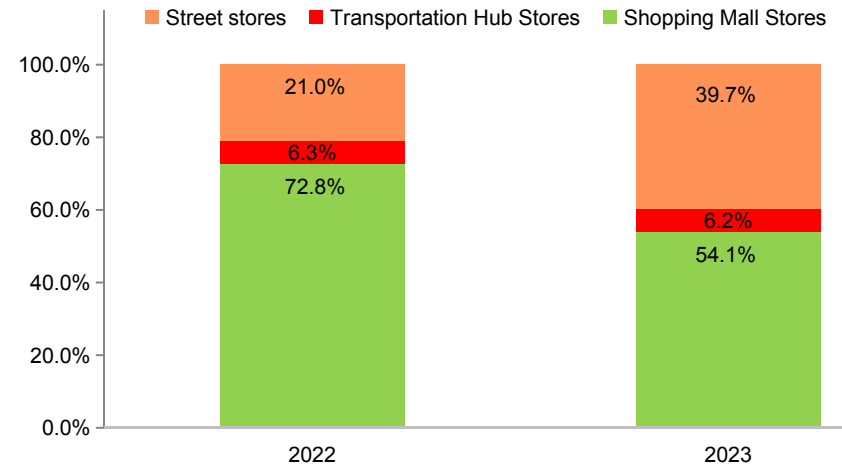
L&O stores, and Increase in Proportion of Franchised-and-managed

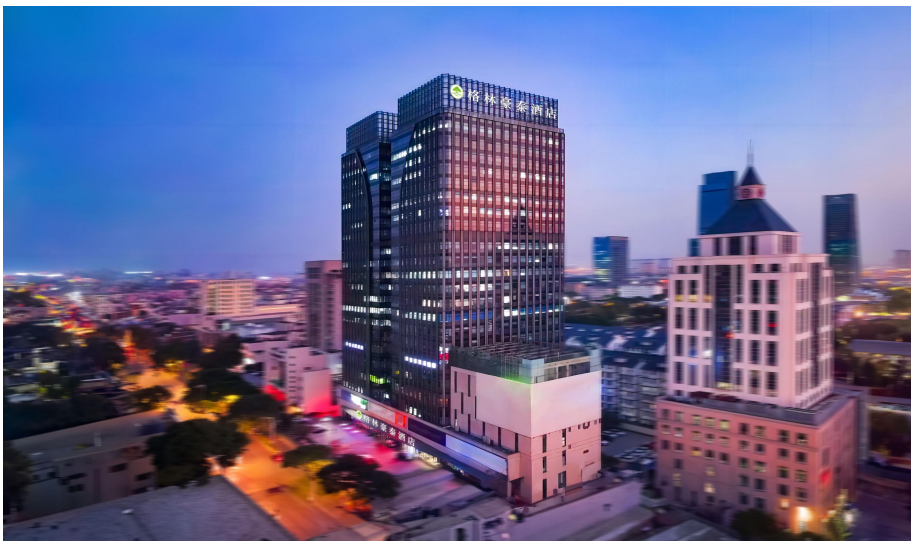
Restaurant Breakdown by L&O and F&M



Expanding Number of Street Stores

Proportion of Restaurants Breakdown by Location





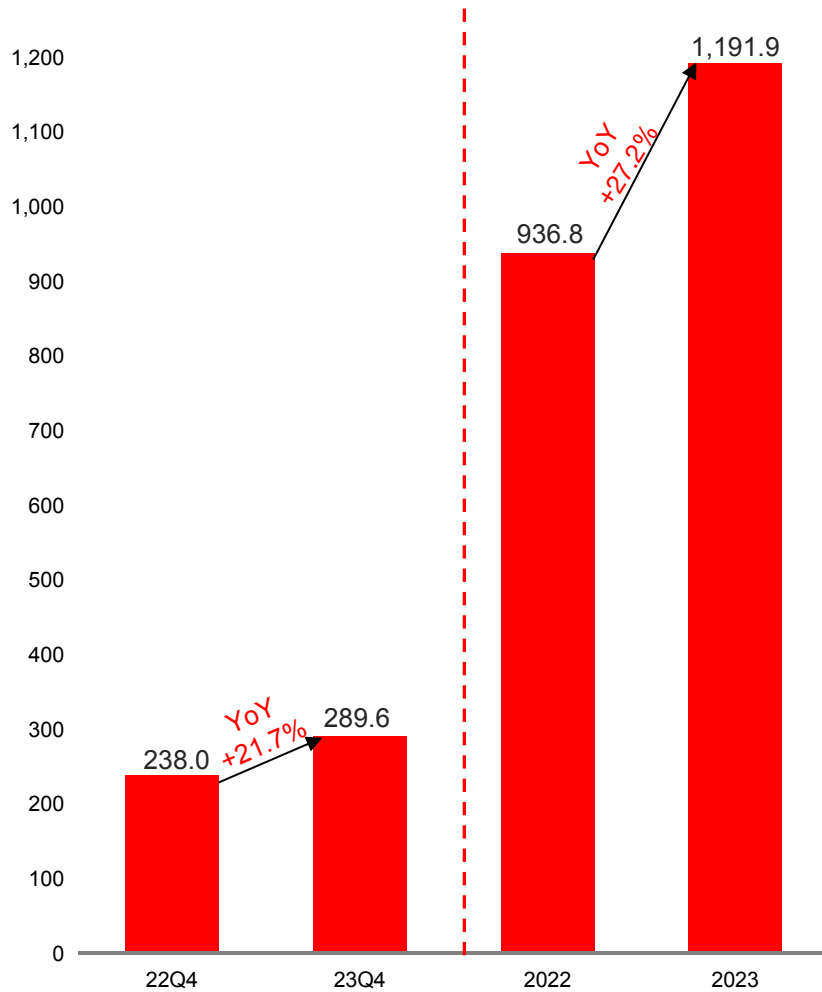
03

Operating and Financial Highlights



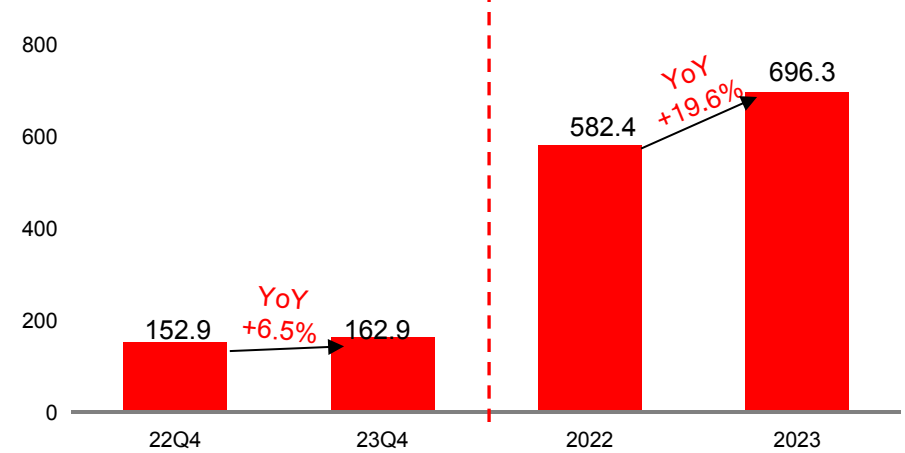
Total Revenue

RMB (M)



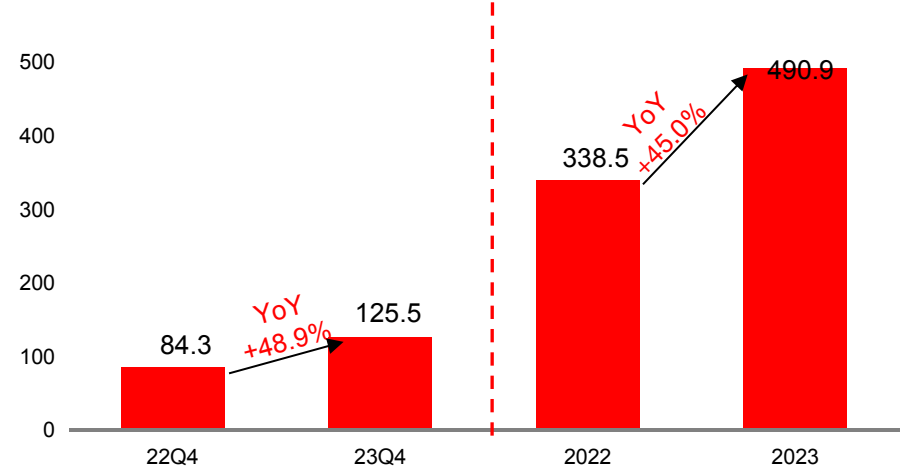
Revenue from F&M Hotels

RMB (M)



Revenue from L&O Hotels

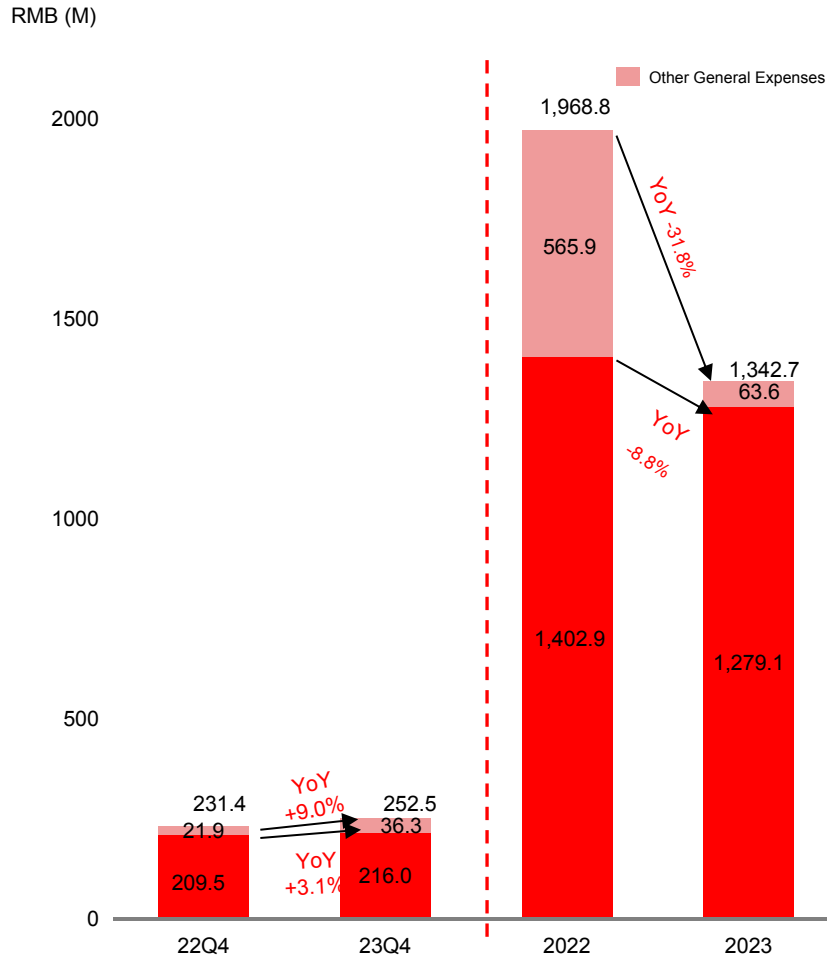
RMB (M)



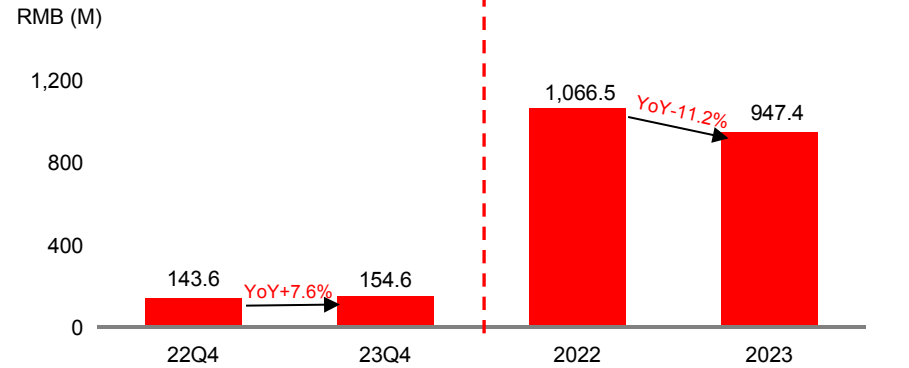
Hotel Operating Costs and Expenses



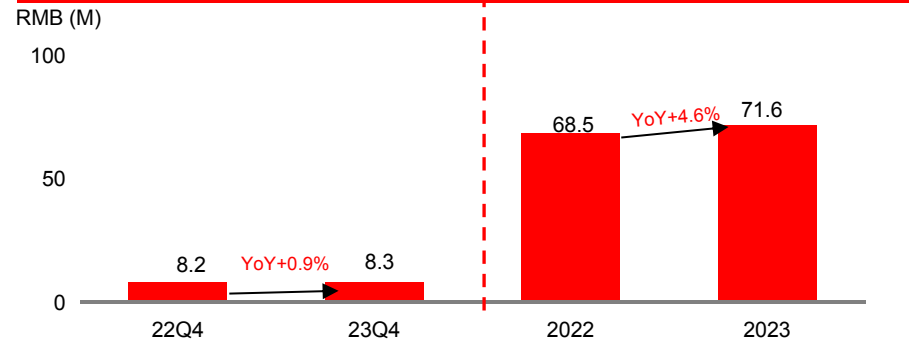
Total Hotel Operating Costs and Expenses (1)



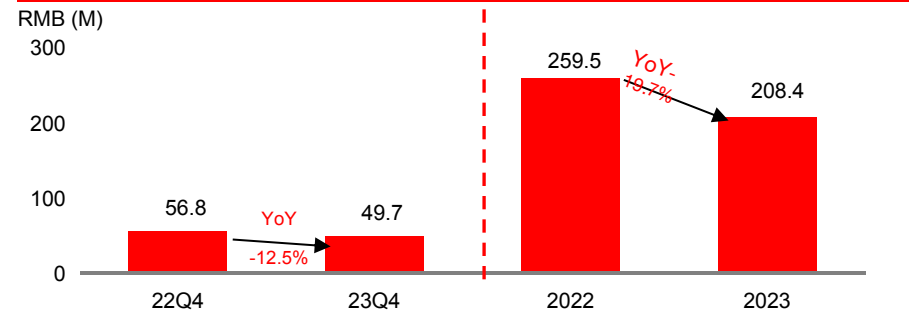
Hotel Operating Costs (2)



Selling and Marketing Expenses



General and Administrative Expenses

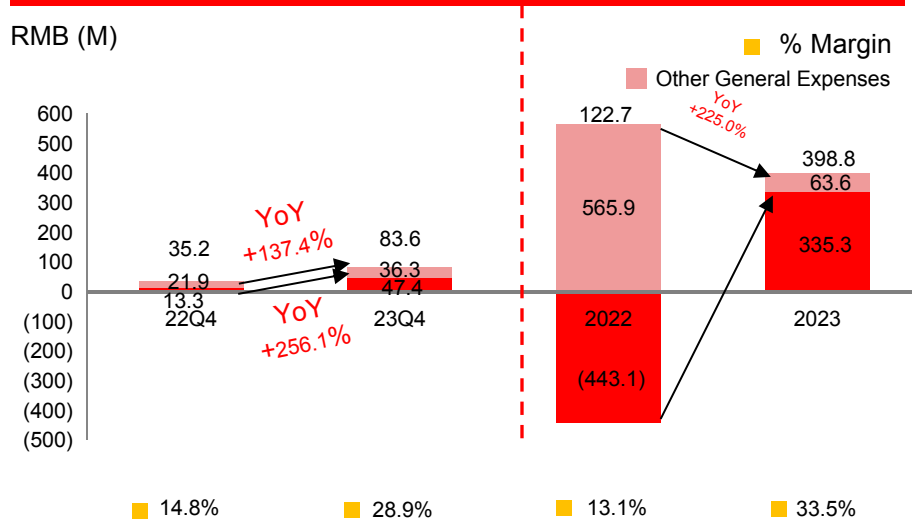


Notes:
 1. Total operating costs and expenses consist of hotel operating costs, selling and marketing expenses, general and administrative expenses, other operating expenses and other general expenses. Other general expenses in 2022 included one-time impairment charges for Argyle and Urban, a full provision for the purchase of two properties under Evergrande, and the provisions for loan receivables related to franchisee loans. Other general expenses in 2023 included one-time impairment for brand name 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.

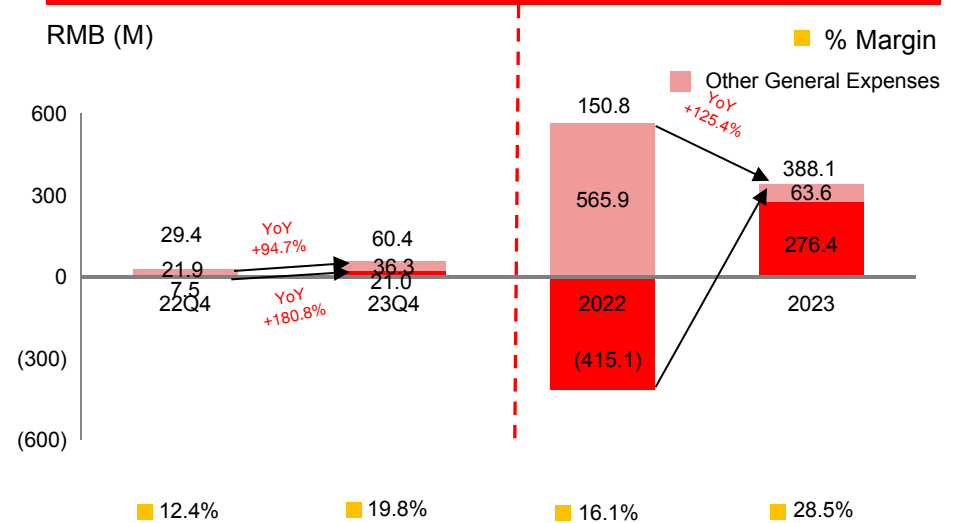
Hotel Profitability



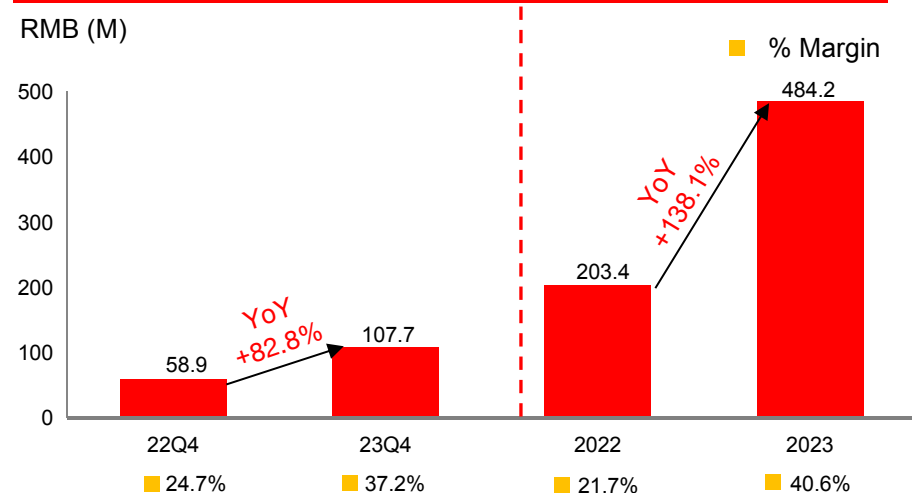
Income From Operations



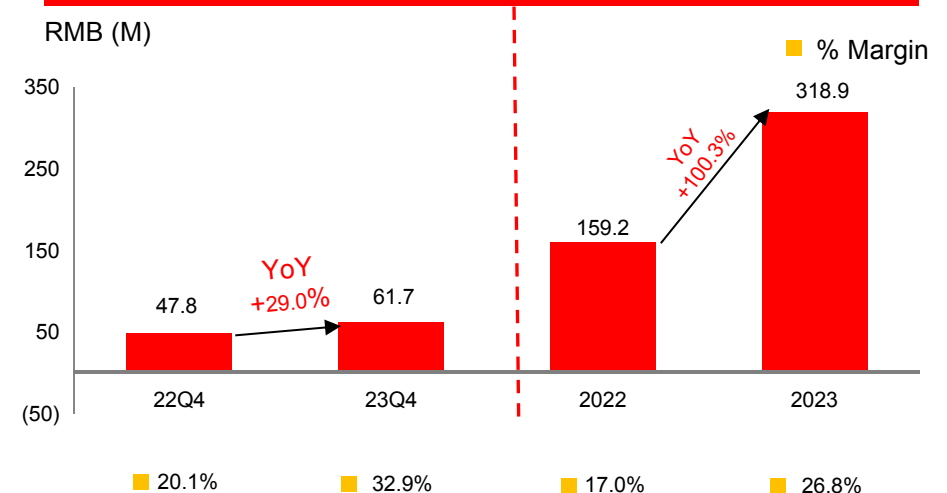
Net Income



Adjusted EBITDA (1)



Core Net Income (2)



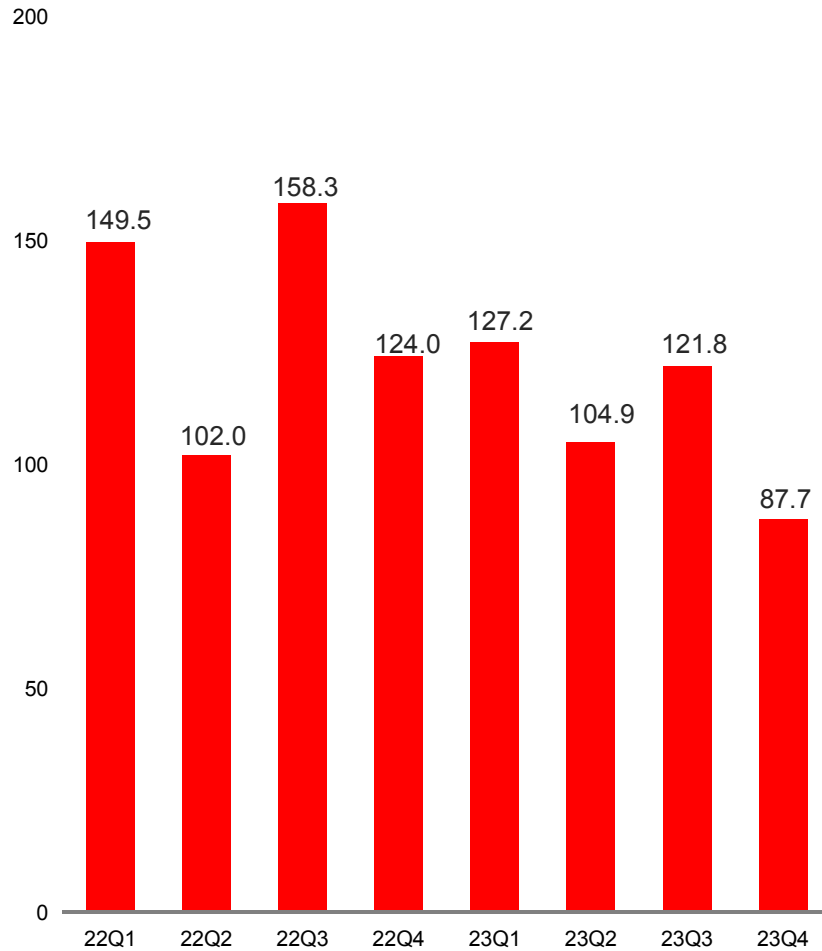
Notes:

- 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.
- 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).



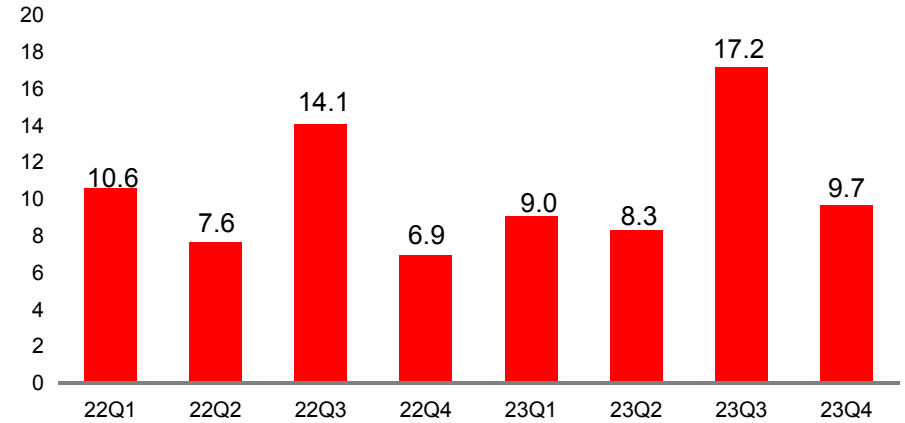
Total Revenue

RMB (M)



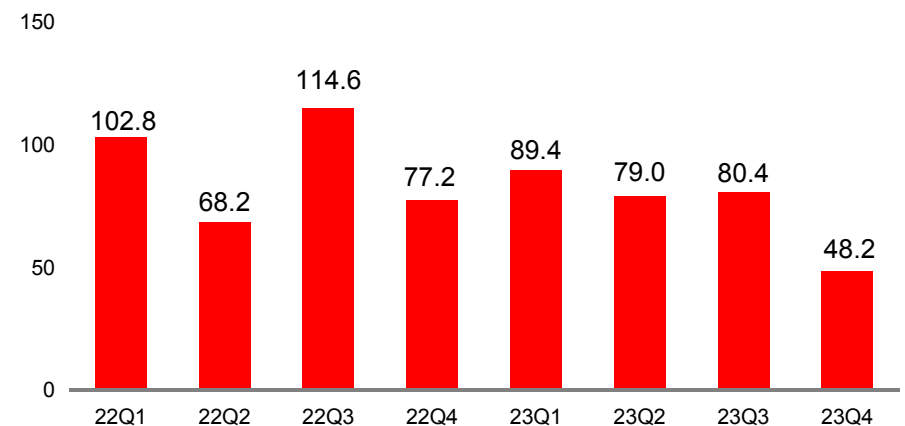
Revenue from F&M Restaurants

RMB (M)



Revenue from L&O Restaurants

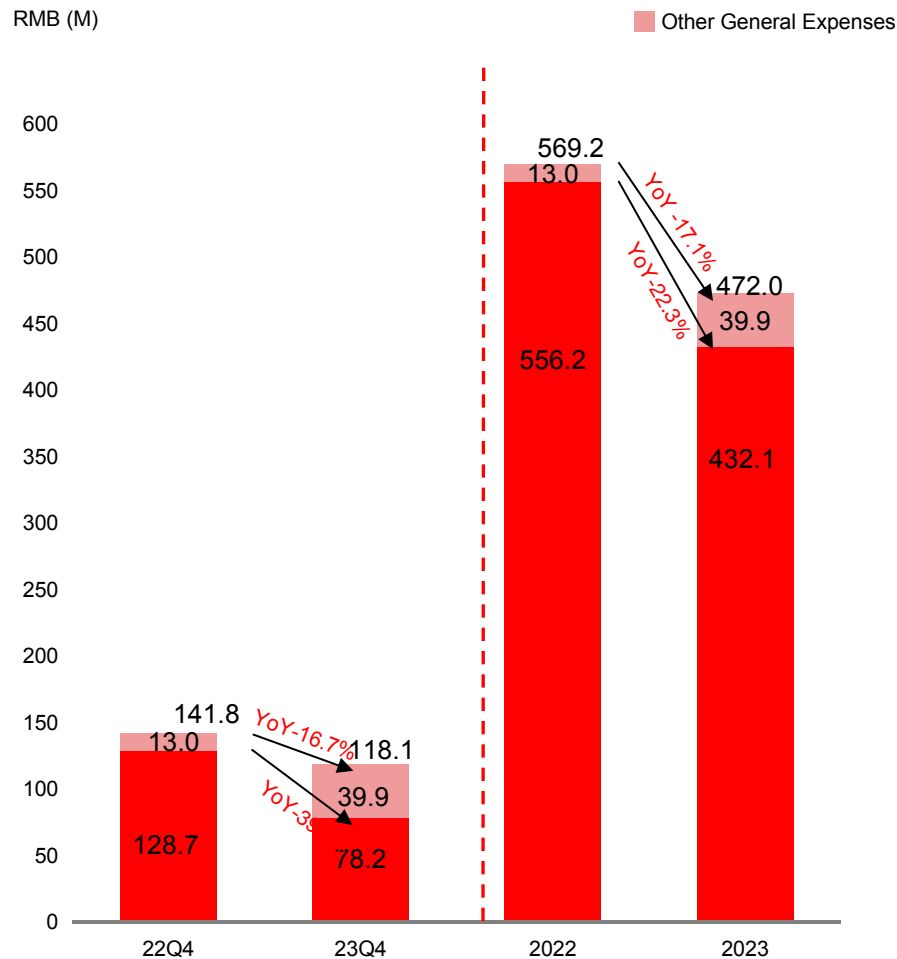
RMB (M)



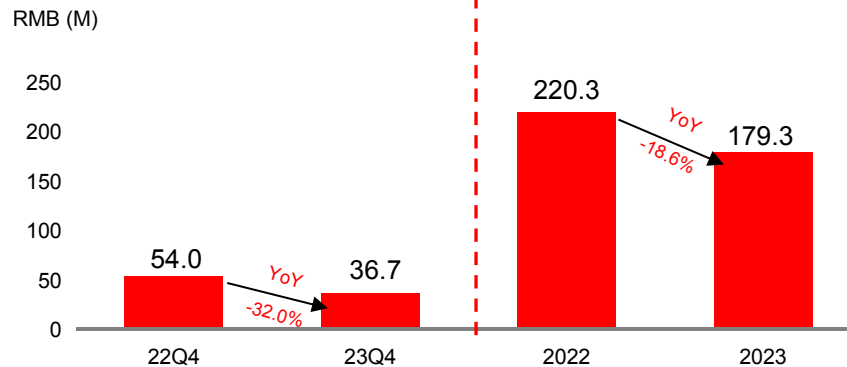
Restaurant Operating Costs and Expenses



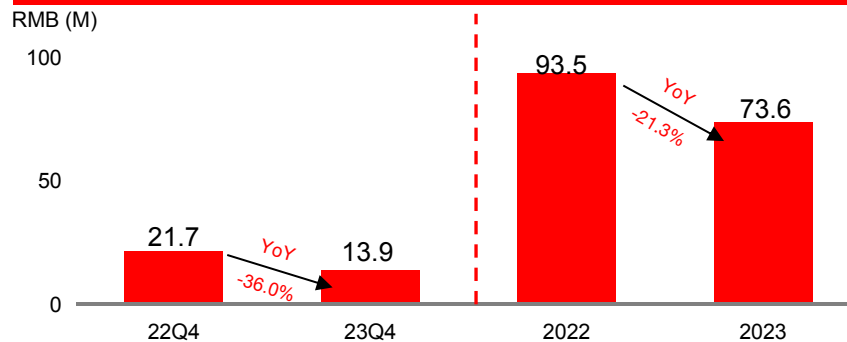
Total Restaurant Operating Costs and Expenses



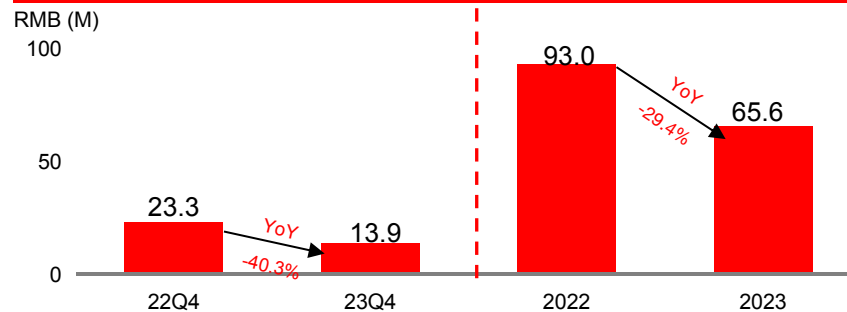
Material cost



Personnel cost



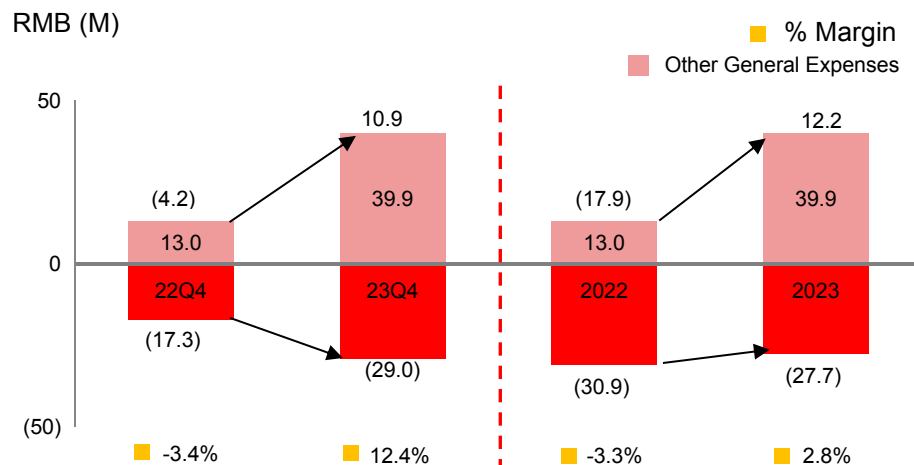
Rent



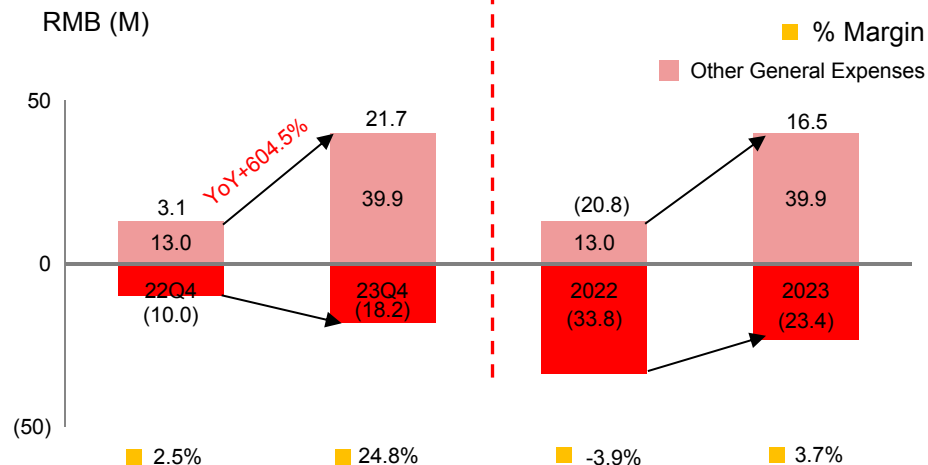
Restaurant Profitability



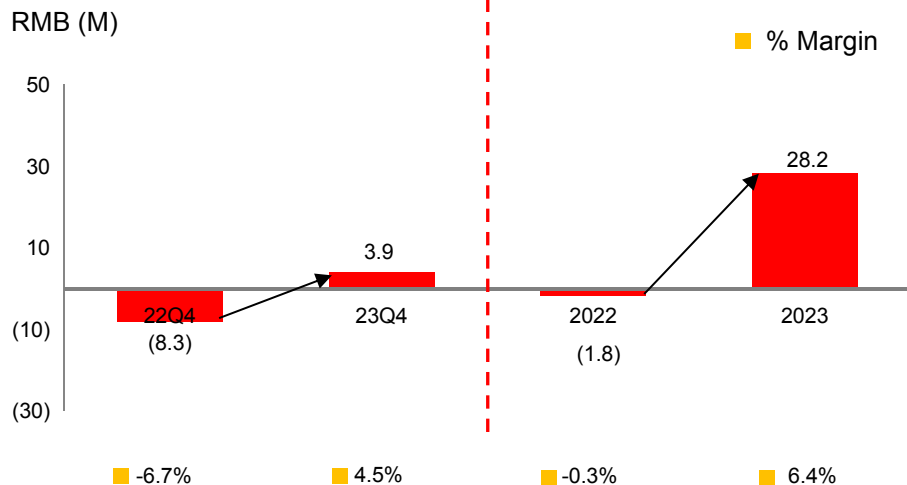
Income From Operations



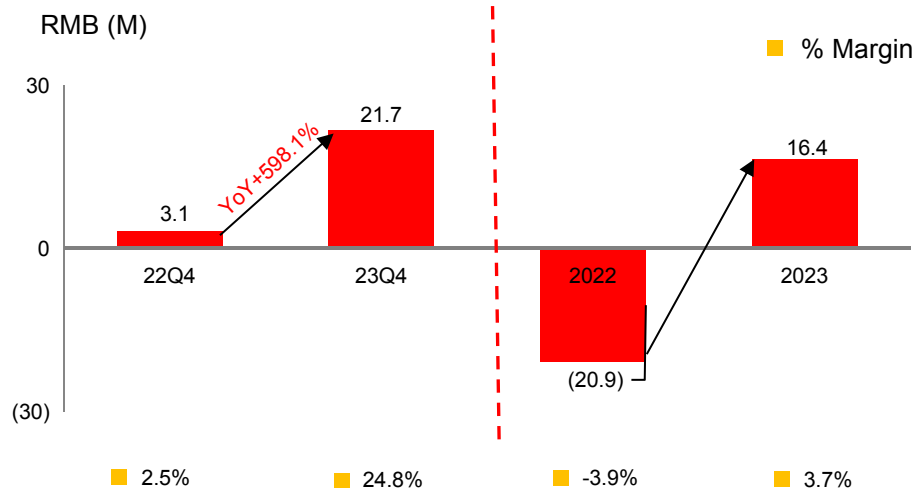
Net Income



Adjusted EBITDA (1)



Core Net Income (2)

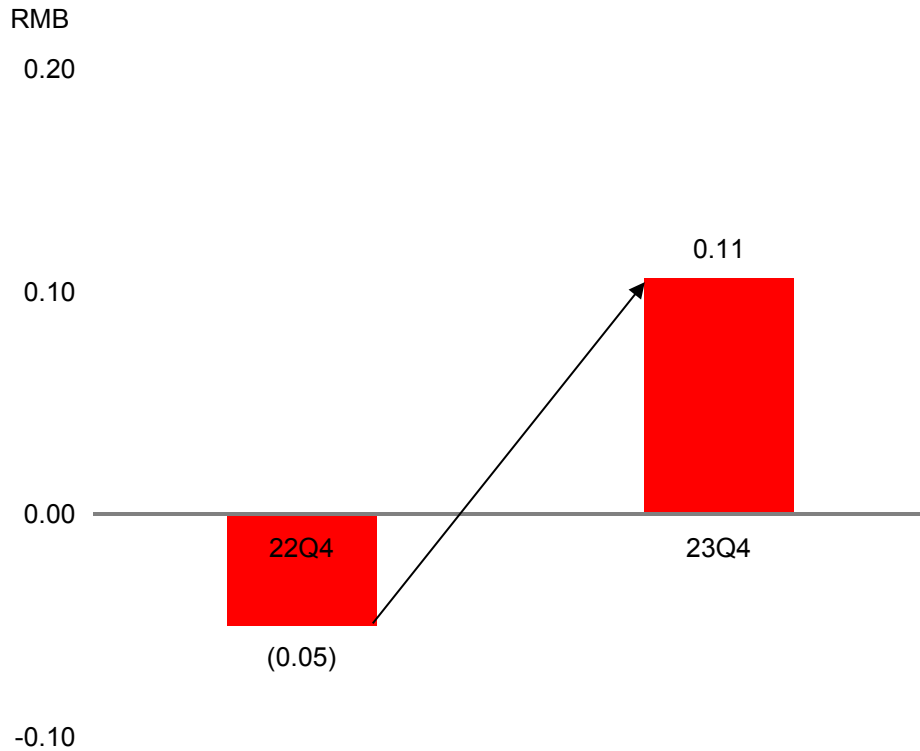


Notes:

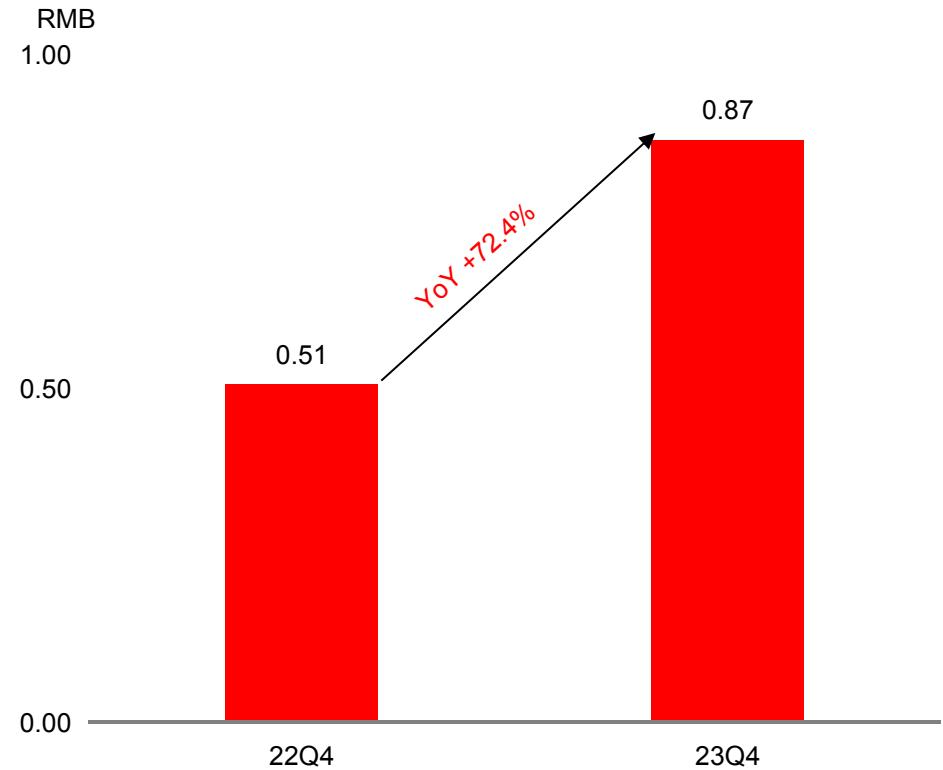
- Adjusted EBITDA (non-GAAP) is calculated as net income plus other operating expenses, income tax expense, share of loss in equity investees, net of tax, interest expense, depreciation and amortization, losses from investment in equity securities and other general expenses, but excludes other operating 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.
- 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).



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



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



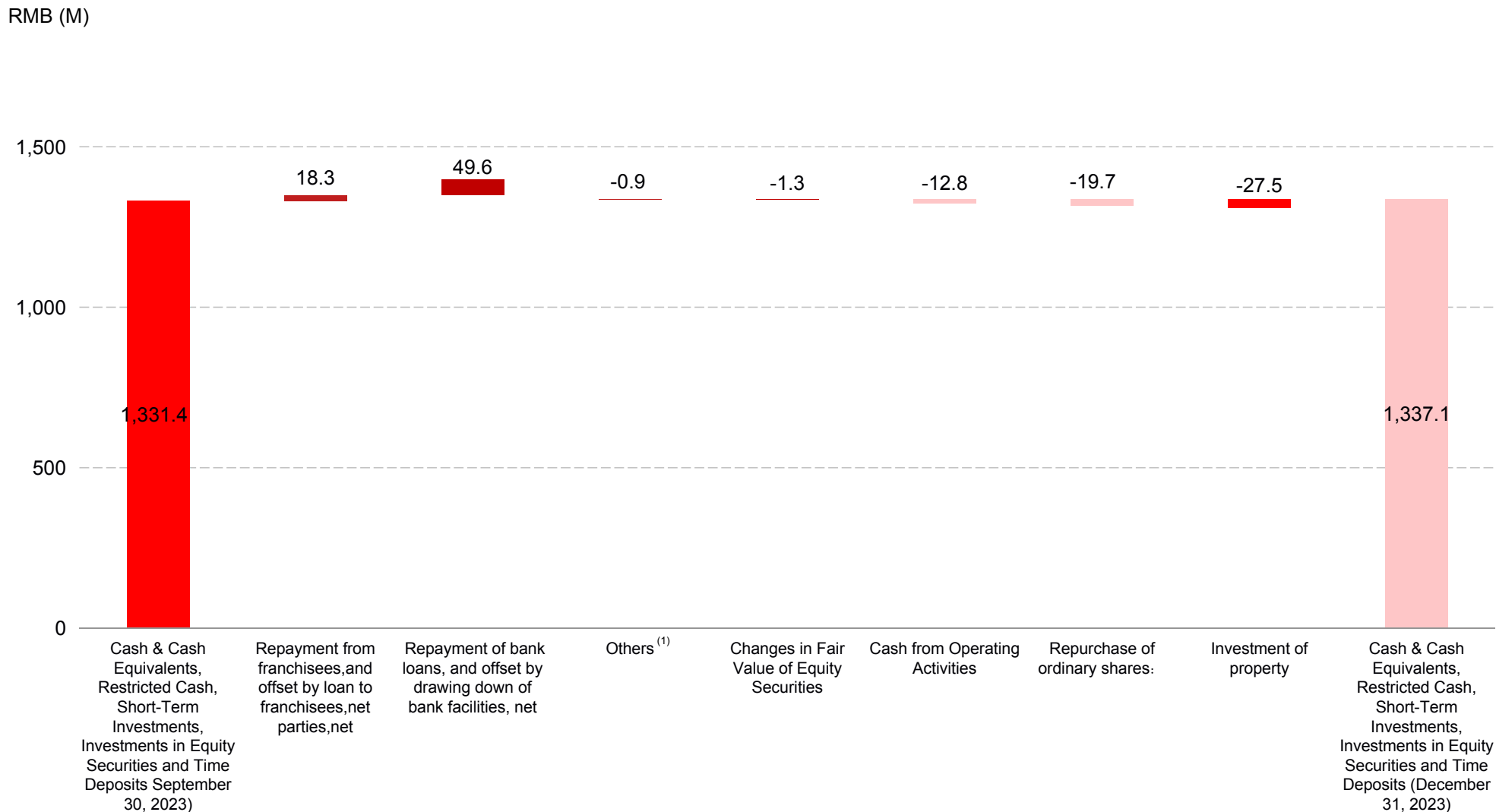
Notes:

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 1,337.1 Million** as of December 31, 2023



Note:

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



- *Taking into account the recovery in long-term trends and short-term industry fluctuations, we expect total revenues of our organic hotel business for the full year of 2024 to grow 7%~12% over the 2023 levels. Furthermore, considering the closure of the restaurant LO stores and the stores in shopping mall, we expect total revenues from our restaurant and organic hotel businesses for the full year of 2024 to grow 2-4% over the company's 2023 levels.*

Thank you!
Q&A





As of December 31, 2023

Mid-to-Up-Scale

- Hotels in operation: 474
- Hotel rooms in operation: 45,488
- Room rates: RMB 200 - 600

Mid-Scale

- Hotels in operation: 2,975
- Hotel rooms in operation: 230,100
- Room rates: RMB 150 - 400

Economy

- Hotels in operation: 789
- Hotel rooms in operation: 33,907
- Room rates: RMB 90 - 300



Hotel Breakdown



By Market Segment and Brand	Number of Hotels in Operation		Number of Hotel Rooms in Operation	
	2022Q4	2023Q4	2022Q4	2023Q4
Mid-to-up-scale	426	474	41,255	45,488
GreenTree Eastern	205	222	22,492	24,377
Deep Sleep Hotel	7	7	534	534
Gem	53	71	4,753	6,292
Gya	68	71	5,811	5,899
Vx	85	92	7,403	8,041
Urban Garden and others	8	11	262	345
Mid-scale	2,953	2,975	231,835	230,100
GreenTree Inn	2,226	2,220	183,116	179,631
GT Alliance	538	568	38,031	40,134
GreenTree Apartment	19	20	1,262	1,308
Vatica	111	110	8,009	7805
City 118 Selected and others	59	-	1,417	-
Economy	680	789	29,407	33,907
Shell	680	789	29,407	33,907
City 118 and others	-	-	-	-
Total	4,059	4,238	302,497	309,495

Hotel Operating Data



	2022Q4	2023Q4
Total hotels in operation	4,059	4,238
Leased-and-owned hotels	61	65
Franchised hotels	3,998	4,173
Total hotel rooms in operation	302,497	309,495
Leased-and-owned hotels	6,565	7,318
Franchised hotels	330,089	302,177
Number of cities	355	360

	2022Q4	2023Q4
Occupancy rate		
Leased-and-owned hotels	62.4%	66.9%
Franchised hotels	63.0%	72.5%
Blended	63.0%	72.4%
Average daily rate (in RMB)		
Leased-and-owned hotels	208	241
Franchised hotels	163	175
Blended	165	177
RevPAR (in RMB)		
Leased-and-owned hotels	130	161
Franchised hotels	103	127
Blended	104	128

Restaurants Operating Data



	2022Q4	2023Q4
Total restaurants in operation	261	194
Leased-and-owned restaurants	121	42
Franchised restaurants	140	152
Number of cities	64	53

	2022Q4	2023Q4
ADT		
Dine In	43	45
Delivery	56	56
Blended	99	101
AC (in RMB)		
Dine In	54	72
Delivery	40	40
Blended	46	54
ADS (in RMB)		
Dine In	2,330	3,228
Delivery	2,234	2,205
Blended	4,564	5,433

Restaurants Operating Data



	2022Q4	2023Q4
ADT		
Leased-and-owned restaurants	134	141
Franchised restaurants	84	84
Blended	99	101
AC (in RMB)		
Leased-and-owned restaurants	51	89
Franchised restaurants	39	40
Blended	46	54
ADS (in RMB)		
Leased-and-owned restaurants	6,821	12,500
Franchised restaurants	3,286	3,331
Blended	4,564	5,433