



華住集團有限公司呈報2025年第一季度財務業績

20/05/2025

- A total of 11,685 hotels or 1,142,158 hotel rooms in operation as of March 31, 2025.
- Hotel turnover¹ increased 14.3% year-over-year to RMB22.5 billion in the first quarter of 2025. Excluding Steigenberger Hotels GmbH and its subsidiaries (“DH”, or “Legacy-DH”), hotel turnover increased 15.3% year-over-year in the first quarter of 2025. Hotel turnover from the Legacy-DH segment increased 2.9% in the first quarter of 2025.
- Revenue increased 2.2% year-over-year to RMB5.4 billion (US\$744 million)² in the first quarter of 2025, within the revenue guidance previously announced of a 0% to 4% increase compared to the first quarter of 2024. Manachised and franchised revenue increased 21.1% year-over-year to RMB2.5 billion (US\$344 million) in the first quarter of 2025, close to the high end of the manachised and franchised revenue guidance previously announced of an 18% to 22% increase compared to the first quarter of 2024. Revenue from the Legacy-Huazhu segment in the first quarter of 2025 was RMB4.5 billion, which increased 5.5% year-over-year, slightly above the midpoint of the revenue guidance previously announced of a 3% to 7% increase. Revenue from the Legacy-DH segment in the first quarter of 2025 was RMB918 million, which decreased 11.3% year-over-year.
- Net income attributable to H World Group Limited was RMB894 million (US\$123 million) in the first quarter of 2025, compared with RMB659 million in the first quarter of 2024 and RMB49 million in the previous quarter.
- EBITDA (non-GAAP) in the first quarter of 2025 was RMB1.6 billion (US\$222 million), compared with RMB1.3 billion in the first quarter of 2024 and RMB974 million in the previous quarter.
- Adjusted EBITDA (non-GAAP), which excluded share-based compensation expenses, gain (loss) from fair value changes of equity securities, foreign exchange gain (loss), net, and gain (loss) on disposal of investments from EBITDA (non-GAAP), was RMB1.5 billion (US\$206 million) in the first quarter of 2025, compared with RMB1.4 billion in the first quarter of 2024 and RMB1.2 billion in the previous quarter.
- Adjusted EBITDA is our segment measure. Adjusted EBITDA from the Legacy-Huazhu segment was RMB1.6 billion in the first quarter of 2025, compared with RMB1.5 billion in the first quarter of 2024 and RMB1.5 billion in the previous quarter. Adjusted EBITDA from the Legacy-DH segment was a loss of RMB77 million in the first quarter of 2025, compared with a loss of RMB66 million in the first quarter of 2024 and a loss of RMB247 million in the previous quarter.
- For the second quarter of 2025, H World expects its revenue growth to be in the range of 1%-5% compared to the second quarter of 2024 or in the range of 3%-7% excluding DH. H World expects its manachised and franchised revenue growth to be in the range of 18%-22%, compared to the second quarter of 2024.

SINGAPORE and SHANGHAI, May 20, 2025 (GLOBE NEWSWIRE) -- H World Group Limited (NASDAQ: HHTT and HKEX: 1179) (“**H World**”, the “**Company**”, “**we**” or “**our**”), a key player in the global hotel industry, today announced its unaudited financial results for the first quarter ended March 31, 2025.

As of March 31, 2025, H World's worldwide hotel network in operation totaled 11,685 hotels and 1,142,158 rooms, including 11,564 hotels from Legacy-Huazhu and 121 hotels from Legacy-DH. During the first quarter of 2025, our Legacy-Huazhu business opened 694 hotels, including 2 leased and owned hotels, and 692 manachised and franchised hotels, and closed a total of 155 hotels, including 7 leased and owned hotels, and 148 manachised and franchised hotels. As of March 31, 2025, H World had a total of 2,888 unopened hotels in our pipeline, including 2,865 hotels from the Legacy-Huazhu business and 23 hotels from the Legacy-DH business.

Legacy-Huazhu – First Quarter of 2025 Operational Highlights

As of March 31, 2025, Legacy-Huazhu had 11,564 hotels in operation, including 552 leased and owned hotels, and 11,012 manachised and franchised hotels. In addition, as of the same date, Legacy-Huazhu had 1,116,400 hotel rooms in operation, including 81,736 rooms under the lease and ownership model, and 1,034,664 rooms under the manachise and franchise models. Legacy-Huazhu also had 2,865 unopened hotels in its pipeline, including 6 leased and owned hotels, and 2,859 manachised and franchised hotels. The following discusses Legacy-Huazhu's revenue per available room (“**RevPAR**”), average daily room rate (“**ADR**”) and occupancy rate for its leased and owned hotels, as well as manachised and franchised hotels for the periods indicated.

- The ADR was RMB272 in the first quarter of 2025, compared with RMB280 in the first quarter of 2024 and RMB277 in the previous quarter.
- The occupancy rate for all of the Legacy-Huazhu hotels in operation was 76.2% in the first quarter of 2025, compared with 77.2% in the first quarter of 2024 and 80.0% in the previous quarter.

- Blended RevPAR was RMB208 in the first quarter of 2025, compared with RMB216 in the first quarter of 2024 and RMB222 in the previous quarter.
- For all of the Legacy-Huazhu hotels which had been in operation for at least 18 months, the same-hotel RevPAR was RMB205 in the first quarter of 2025, representing an 8.3% decrease from RMB224 in the first quarter of 2024, with a 5.3% decrease in same-hotel ADR and a 2.5 percentage-point decrease in same-hotel occupancy rate.

Legacy-DH – First Quarter of 2025 Operational Highlights

As of March 31, 2025, Legacy-DH had 121 hotels in operation, including 65 leased hotels, and 56 manachised and franchised hotels. In addition, as of the same date, Legacy-DH had 25,758 hotel rooms in operation, including 13,749 rooms under the lease model, and 12,009 rooms under the manachise and franchise models. Legacy-DH also had 23 unopened hotels in the pipeline, including 10 leased hotels and 13 manachised and franchised hotels. The following discusses Legacy-DH's RevPAR, ADR and occupancy rate for its leased as well as manachised and franchised hotels (excluding hotels temporarily closed) for the periods indicated.

- The ADR was EUR107 in the first quarter of 2025, compared with EUR104 in the first quarter of 2024 and EUR115 in the previous quarter.
- The occupancy rate for all Legacy-DH hotels in operation was 61.1% in the first quarter of 2025, compared with 55.8% in the first quarter of 2024 and 70.5% in the previous quarter.
- Blended RevPAR was EUR65 in the first quarter of 2025, compared with EUR58 in the first quarter of 2024 and EUR81 in the previous quarter.

Jin Hui, CEO of H World commented: "During the first quarter of 2025, we continued our rapid network expansion with 694 new hotel openings in China, and on track to achieve our full-year target of approximately 2,300 gross hotel openings. However, we maintain an overall cautious stance amid ongoing tariff and macroeconomic uncertainties. To achieve sustainable long-term growth, we will continue advancing our asset-light strategy, focusing on high-quality network expansion, enhancing brand positioning and 'service excellence', and strengthening sales capabilities centred around our H Rewards membership program."

"Regarding our business outside China, our Legacy-DH segment recorded a 12.7% year-over-year blended RevPAR increase in the first quarter of 2025, with a 2.8% increase in ADR and a 5.3 percentage-point increase in occupancy rate. We will continue to enhance our hotel operations, focus on cost reduction and efficiency improvement, and continue developing our asset light portfolio."

First Quarter of 2025 Unaudited Financial Results

| (RMB in millions) | Q1 2024 | Q4 2024 | Q1 2025 |
|----------------------------------|--------------|--------------|--------------|
| Revenue: | | | |
| Leased and owned hotels | 3,099 | 3,373 | 2,789 |
| Manachised and franchised hotels | 2,063 | 2,499 | 2,499 |
| Others | 116 | 151 | 107 |
| Total revenue | <u>5,278</u> | <u>6,023</u> | <u>5,395</u> |

Revenue in the first quarter of 2025 was RMB5.4 billion (US\$744 million), representing a 2.2% year-over-year increase and a quarter-over-quarter decrease of 10.4%. Revenue from the Legacy-Huazhu segment in the first quarter of 2025 was RMB4.5 billion, representing a 5.5% year-over-year increase and a 6.4% quarter-over-quarter decline. The 5.5% year-over-year increase was mainly driven by continued hotel network expansion. Revenue from the Legacy-DH segment in the first quarter of 2025 was RMB918 million, representing an 11.3% year-over-year decrease and a 26.0% quarter-over-quarter decline.

Revenue from leased and owned hotels in the first quarter of 2025 was RMB2.8 billion (US\$385 million), representing a 10.0% year-over-year decrease and a 17.3% quarter-over-quarter decline. Revenue from leased and owned hotels from the Legacy-Huazhu segment in the first quarter of 2025 was RMB1.9 billion, representing a 9.4% year-over-year decrease, as we continue exiting leased and owned hotels. Revenue from leased and owned hotels from the Legacy-DH segment in the first quarter of 2025 was RMB876 million, representing an 11.2% year-over-year decrease, as we exited 11 leased hotels.

Revenue from manachised and franchised hotels in the first quarter of 2025 was RMB2.5 billion (US\$344 million), representing a 21.1% year-over-year increase and remaining flat from quarter-over-quarter. Revenue from our Legacy-Huazhu segment from manachised and franchised hotels in the first quarter of 2025 was RMB2.5 billion, representing a 21.1% year-over-year increase, driven by hotel network expansion. Revenue from

manachised and franchised hotels from the Legacy-DH segment in the first quarter of 2025 was RMB31 million, representing a 34.8% year-over-year increase, as we transformed 10 leased hotels to manachised and franchised hotels.

Other revenue represents revenue generated from businesses other than our hotel operations, which mainly includes revenue from the provision of IT products, and services and Huazhu Mall™ and other revenue from the Legacy-DH segment, totaling RMB107 million (US\$15 million) in the first quarter of 2025, compared to RMB116 million in the first quarter of 2024 and RMB151 million in the previous quarter.

| <u>(RMB in millions)</u> | Q1 2024 | Q4 2024 | Q1 2025 |
|--------------------------------------|----------------|----------------|----------------|
| Operating costs and expenses: | | | |
| Hotel operating costs | (3,565) | (4,190) | (3,604) |
| Other operating costs | (9) | (5) | (11) |
| Selling and marketing expenses | (260) | (296) | (243) |
| General and administrative expenses | (509) | (725) | (512) |
| Pre-opening expenses | (8) | (4) | (3) |
| Total operating costs and expenses | <u>(4,351)</u> | <u>(5,220)</u> | <u>(4,373)</u> |

Hotel operating costs in the first quarter of 2025 were RMB3.6 billion (US\$497 million), reflecting a 1.1% year-over-year increase. The 1.1% year-over-year increase was mainly due to a 4.2% year-over-year increase in Legacy-Huazhu and partially offset by a 7.2% year-over-year decline in Legacy-DH. As we continue to pursue an asset-light strategy, our hotel operating costs as a percentage of revenue have decreased by 0.7 percentage points year-over-year.

Selling, General and administrative expenses (SG&A) in the first quarter of 2025 were RMB755 million (US\$104 million), reflecting a 1.8% year-over-year decrease, with an 11.1% year-over-year decline in Legacy-DH thanks to our restructuring and cost optimization effort and partially offset by a 1.6% year-over-year increase in Legacy-Huazhu due mainly to an increase in share-based compensation (SBC).

Other operating income, net in the first quarter of 2025 was RMB60 million (US\$8 million), compared to RMB76 million in the first quarter of 2024 and RMB99 million in the previous quarter.

Income from operations in the first quarter of 2025 was RMB1.1 billion (US\$149 million), reflecting a 7.9% year-over-year increase, and mainly driven by an 8.1% year-over-year increase in Legacy-Huazhu and partially offset by a 9.4% year-over-year decline in Legacy-DH.

Operating margin, defined as income from operations as a percentage of revenue, was 20.1% in the first quarter of 2025, compared with 19.0% in the first quarter of 2024 and 15.0% in the previous quarter. The margin improvement was mainly due to a higher revenue contribution from our manachised and franchised business. This was in line with our asset-light expansion strategy.

Other income, net in the first quarter of 2025 was an income of RMB22 million (US\$3 million), compared to an income of RMB40 million in the first quarter of 2024 and an expense of RMB14 million in the previous quarter.

Gains (losses) from fair value changes of equity securities in the first quarter of 2025 were losses of RMB12 million (US\$2 million), compared to gains of RMB38 million in the first quarter of 2024, and losses of RMB19 million in the previous quarter. Gains (losses) from fair value changes of equity securities mainly represent the gains (losses) from our investments in equity securities with readily determinable fair values.

Income tax expense in the first quarter of 2025 was RMB377 million (US\$52 million), compared to RMB279 million in the first quarter of 2024 and RMB578 million in the previous quarter. The higher income tax expense in the quarter was due to withholding tax related to dividend distributions.

Net income attributable to H World Group Limited in the first quarter of 2025 was RMB894 million (US\$123 million), reflecting a 35.7% year-over-year increase, mainly supported by a 27.2% year-over-year increase in Legacy-Huazhu.

EBITDA (non-GAAP) in the first quarter of 2025 was RMB1.6 billion (US\$222 million), compared with RMB1.3 billion in the first quarter of 2024 and RMB974 million in the previous quarter.

Adjusted EBITDA, which excluded the following from EBITDA (non-GAAP): share-based compensation expenses, gain (loss) from fair value changes of equity securities, foreign exchange gain (loss), net, and gain (loss) on disposal of investments, was RMB1.5 billion (US\$206 million) in the first quarter of 2025, compared with RMB1.4 billion in the first quarter of 2024 and RMB1.2 billion in the previous quarter. Adjusted EBITDA from the Legacy-Huazhu segment, which is a segment measure, was RMB1.6 billion in the first quarter of 2025, compared with RMB1.5 billion in the first quarter of 2024 and RMB1.5 billion in the previous quarter. Adjusted EBITDA from the Legacy-DH segment, which is a segment measure, was a loss of RMB77 million in the first quarter of 2025, compared with a loss of RMB66 million in the first quarter of 2024 and a loss of RMB247 million in the previous quarter.

Cash flow. Operating cash inflow in the first quarter of 2025 was RMB580 million (US\$80 million). Investing cash inflow in the first quarter of 2025 was RMB757 million (US\$103 million). Financing cash outflow in the first quarter of 2025 was RMB628 million (US\$86 million).

Cash, cash equivalents and restricted cash. As of March 31, 2025, the Company had a total balance of cash and cash equivalents of RMB8.2 billion (US\$1.1 billion) and restricted cash of RMB121 million (US\$16 million).

Debt financing. As of March 31, 2025, the Company had a total debt and net cash balance of RMB5.3 billion (US\$726 million) and RMB3.0 billion (US\$418 million), respectively; the unutilized credit facility available to the Company was RMB3.0 billion.

Guidance

For the second quarter of 2025, H World expects its revenue growth to be in the range of 1%-5% compared to the second quarter of 2024, or in the range of 3%-7% excluding DH. H World expects its manachised and franchised revenue growth to be in the range of 18%-22%, compared to the second quarter of 2024.

The above forecast reflects the Company's current and preliminary view, which is subject to change.

Conference Call

H World's management will host a conference call at 8 a.m. (U.S. Eastern time) on Tuesday, May 20, 2025 (or 8 p.m. (Hong Kong time) on Tuesday, May 20, 2025) following the announcement.

To join by phone, all participants must pre-register this conference call using the Participant Registration link of <https://register-conf.media-server.com/register/Bla8086f3fd2fa4a3aa928220aab5bc4e3>. Upon registration, each participant will receive details for the conference call, including dial-in numbers, conference call passcode and a unique access PIN.

A live webcast of the call can be accessed at <https://edge.media-server.com/mmc/p/f5fp8ait/> or the Company's website at <https://ir.hworld.com/news-and-events/events-calendar>.

A replay of the conference call will be available for twelve months from the date of the conference at the Company's website, <https://ir.hworld.com/news-and-events/events-calendar>.

Use of Non-GAAP Financial Measures

To supplement the Company's unaudited consolidated financial results presented in accordance with U.S. Generally-Accepted Accounting Principles ("GAAP"), the Company uses the following non-GAAP measures defined as non-GAAP financial measures by the U.S. Securities and Exchange Commission ("SEC"): adjusted net income (loss) attributable to H World Group Limited excluding share-based compensation expenses, gain (loss) from fair value changes of equity securities, foreign exchange gain (loss), net, and gain (loss) on disposal of investments; adjusted basic and diluted earnings (losses) per share/ADS excluding share-based compensation expenses, gain (loss) from fair value changes of equity securities, foreign exchange gain (loss), net, and gain (loss) on disposal of investments; EBITDA; adjusted EBITDA excluding share-based compensation expenses, gain (loss) from fair value changes of equity securities, foreign exchange gain (loss), net, and gain (loss) on disposal of investments. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. For more information on these non-GAAP financial measures, please see the table captioned "Unaudited Reconciliations of GAAP and non-GAAP Results" set forth at the end of this release. The Company believes that these non-GAAP financial measures provide meaningful supplemental information regarding Company performance by excluding share-based compensation expenses, gain (loss) from fair value changes of equity securities, foreign exchange gain (loss), net, and gain (loss) on disposal of investments that may not be indicative of Company operating performance. The Company believes that both management and investors benefit from referring to these non-GAAP financial measures in assessing Company performance and when planning and forecasting future periods. These non-GAAP financial measures also facilitate management's internal comparisons to the Company's historical performance. The Company believes these non-GAAP financial measures are also useful to investors in allowing for greater transparency with respect to supplemental information used regularly by Company management in financial and operational decision-making. A limitation of using non-GAAP financial measures excluding share-based compensation expenses, gain (loss) from fair value changes of equity securities, foreign exchange gain (loss), net, and gain (loss) on disposal of investments is that share-based compensation expenses, gain (loss) from fair value changes of equity securities, foreign exchange gain (loss), net, and gain (loss) on disposal of investments have been and may continue to be significant and recurring in the Company's business. Management compensates for these limitations by providing specific information regarding the GAAP amounts excluded from each non-GAAP measure. The accompanying tables have more details on the reconciliations between GAAP financial measures that are most directly comparable to non-GAAP financial measures.

The Company believes that EBITDA is a useful financial metric to assess the operating and financial performance before the impact of investing and financing transactions and income taxes, given the significant investments that the Company has made in leasehold improvements, depreciation and amortization expense that comprise a significant portion of the Company's cost structure. In addition, the Company believes that EBITDA is widely used by other companies in the lodging industry and may be used by investors as a measure of financial performance. The Company believes that EBITDA information provides investors with a useful tool for comparability between periods because it excludes depreciation and amortization expense attributable to capital expenditures. The Company also uses adjusted EBITDA to assess operating results of its hotels in operation. The Company believes that the exclusion of share-based compensation expenses, gain (loss) from fair value changes of equity securities, foreign exchange gain (loss), net, and gain (loss) on disposal of investments helps facilitate year-over-year comparisons of the results of operations as the share-based compensation expenses, gain (loss) from fair value changes of equity securities, foreign exchange gain (loss), net, and gain (loss) on disposal of investments may not be indicative of Company operating performance.

Therefore, the Company believes adjusted EBITDA more closely reflects the financial performance capability of our hotels. The presentation of EBITDA and adjusted EBITDA should not be construed as an indication that the Company's future results will be unaffected by other charges and gains considered to be outside the ordinary course of business.

The use of EBITDA and adjusted EBITDA has certain limitations. Depreciation and amortization expense for various long-term assets (including land use rights), income tax, interest expense and interest income have been and will be incurred and are not reflected in the presentation of EBITDA. Share-based compensation expenses, gain (loss) from fair value changes of equity securities, foreign exchange gain (loss), net, and gain (loss) on disposal of investments 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 the results. The Company compensates for these limitations by providing the relevant disclosure of depreciation and amortization, interest income, interest expense, income tax expense, share-based compensation expenses, gain (loss) from fair value changes of equity securities, foreign exchange gain (loss), net, and gain (loss) on disposal of investments all in the reconciliations to the U.S. GAAP financial measures and in the consolidated financial statements, all of which should be considered when evaluating the performance of the Company.

The terms EBITDA and adjusted EBITDA are not defined under U.S. GAAP, and neither EBITDA nor adjusted EBITDA is a measure of net income, operating income, operating performance or liquidity presented in accordance with U.S. GAAP. When assessing the operating and financial performance, investors should not consider these data in isolation or as a substitute for the Company's net income, operating income or any other operating performance measure that is calculated in accordance with U.S. GAAP. In addition, the Company's EBITDA or adjusted EBITDA may not be comparable to EBITDA or adjusted EBITDA or similarly titled measures utilized by other companies since such other companies may not calculate EBITDA or adjusted EBITDA in the same manner as the Company does.

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

About H World Group Limited

Originated in China, H World Group Limited is a key player in the global hotel industry. As of March 31, 2025, H World operated 11,685 hotels with 1,142,158 hotel rooms in operation in 19 countries. H World's brands include HanTing Hotel, JI Hotel, Orange Hotel, Crystal Orange Hotel, IntercityHotel, Hi Inn, Ni Hao Hotel, Elan Hotel, Zleep Hotels, Starway Hotel, CitiGo, Manxin Hotel, Madison Hotel, MAXX, Blossom House, Joya Hotel, Steigenberger Hotels & Resorts, Jaz in the City, Steigenberger Icon and Song Hotels. In addition, H World also has the rights as master franchisee for Mercure, Ibis and Ibis Styles, and co-development rights for Grand Mercure and Novotel, in the pan-China region.

H World's business includes leased and owned, manachised and franchised models. Under the lease and ownership model, H World directly operates hotels typically located on leased or owned properties. Under the manachise model, H World manages manachised hotels through the on-site hotel managers that H World appoints, and H World collects fees from franchisees. Under the franchise model, H World provides training, reservations and support services to the franchised hotels, and collects fees from franchisees but does not appoint on-site hotel managers. H World applies a consistent standard and platform across all of its hotels. As of March 31, 2025, H World operates 8 percent of its hotel rooms under the lease and ownership model, and 92 percent under the manachise and franchise model.

For more information, please visit H World's website: <https://ir.hworld.com>.

Safe Harbor Statement Under the U.S. Private Securities Litigation Reform Act of 1995: The information in this release contains forward-looking statements which involve risks and uncertainties. Such factors and risks include our anticipated growth strategies; our future results of operations and financial condition; economic conditions; the regulatory environment; our ability to attract and retain customers and leverage our brands; trends and competition in the lodging industry; the expected growth of demand for lodging; and other factors and risks detailed in our filings with the U.S. Securities and Exchange Commission. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements, which may be identified by terminology such as "may," "should," "will," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "potential," "forecast," "project" or "continue," the negative of such terms or other comparable terminology. Readers should not rely on forward-looking statements as predictions of future events or results.

H World undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

—Financial Tables and Operational Data Follow—

H World Group Limited
Unaudited Condensed Consolidated Balance Sheets

| | December 31, 2024 | March 31, 2025 | |
|---|----------------------|----------------------|---------------------|
| | RMB | RMB (in millions) | US\$ ³ |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | 7,474 | 8,184 | 1,128 |
| Restricted cash | 50 | 121 | 16 |
| Short-term investments | 3,603 | 2,682 | 370 |
| Accounts receivable, net | 817 | 854 | 118 |
| Loan receivables - current, net | 114 | 113 | 16 |
| Amounts due from related parties, current | 297 | 298 | 41 |
| Inventories | 60 | 58 | 8 |
| Other current assets, net | 800 | 753 | 103 |
| Total current assets | <u>13,215</u> | <u>13,063</u> | <u>1,800</u> |
| Property and equipment, net | 5,682 | 5,559 | 766 |
| Intangible assets, net | 4,776 | 4,874 | 672 |
| Operating lease right-of-use assets | 24,992 | 24,892 | 3,430 |
| Finance lease right-of-use assets | 2,272 | 2,323 | 320 |
| Land use rights, net | 174 | 173 | 24 |
| Long-term investments | 2,316 | 2,336 | 322 |
| Goodwill | 5,221 | 5,300 | 730 |
| Amounts due from related parties, non-current | 51 | 52 | 7 |
| Loan receivables, net | 190 | 162 | 23 |
| Other assets, net | 668 | 703 | 97 |
| Deferred tax assets | 1,054 | 1,062 | 146 |
| Assets held for sale | 1,941 | 1,060 | 146 |
| Total assets | <u><u>62,552</u></u> | <u><u>61,559</u></u> | <u><u>8,483</u></u> |
| LIABILITIES AND EQUITY | | | |
| Current liabilities: | | | |
| Short-term debt | 880 | 849 | 117 |
| Accounts payable | 983 | 838 | 115 |
| Amounts due to related parties | 74 | 81 | 11 |

| | | | |
|---|---------------|---------------|--------------|
| Salary and welfare payables | 1,201 | 823 | 113 |
| Deferred revenue | 1,822 | 1,864 | 257 |
| Operating lease liabilities, current | 3,492 | 3,386 | 467 |
| Finance lease liabilities, current | 50 | 53 | 7 |
| Accrued expenses and other current liabilities | 4,006 | 4,134 | 571 |
| Dividends payable | 0 | 2,137 | 294 |
| Income tax payable | 813 | 694 | 96 |
| Total current liabilities | 13,321 | 14,859 | 2,048 |
| Long-term debt | 4,546 | 4,420 | 609 |
| Operating lease liabilities, non-current | 23,634 | 23,492 | 3,237 |
| Finance lease liabilities, non-current | 2,843 | 2,924 | 403 |
| Deferred revenue | 1,351 | 1,426 | 196 |
| Other long-term liabilities | 1,472 | 1,627 | 224 |
| Deferred tax liabilities | 919 | 934 | 129 |
| Retirement benefit obligations | 111 | 113 | 16 |
| Liabilities held for sale | 2,084 | 1,142 | 157 |
| Total liabilities | 50,281 | 50,937 | 7,019 |
| Equity: | | | |
| Ordinary shares | 0 | 0 | 0 |
| Treasury shares | (274) | (690) | (95) |
| Additional paid-in capital | 9,620 | 9,654 | 1,330 |
| Retained earnings | 2,449 | 1,207 | 166 |
| Accumulated other comprehensive income | 382 | 324 | 45 |
| Total H World Group Limited shareholders' equity | 12,177 | 10,495 | 1,446 |
| Noncontrolling interest | 94 | 127 | 18 |
| Total equity | 12,271 | 10,622 | 1,464 |
| Total liabilities and equity | 62,552 | 61,559 | 8,483 |

H World Group Limited
Unaudited Condensed Consolidated Statements of Comprehensive Income
Quarter Ended

| | March 31, 2024 | December 31, 2024 | March 31, 2025 | |
|---|--|-------------------|----------------|--------------|
| | RMB | RMB | RMB | US\$ |
| | (in millions, except shares, per share and per ADS data) | | | |
| Revenue: | | | | |
| Leased and owned hotels | 3,099 | 3,373 | 2,789 | 385 |
| Manachised and franchised hotels | 2,063 | 2,499 | 2,499 | 344 |
| Others | 116 | 151 | 107 | 15 |
| Total revenue | 5,278 | 6,023 | 5,395 | 744 |
| Operating costs and expenses: | | | | |
| Hotel operating costs: | | | | |
| Rents | (1,086) | (1,100) | (1,027) | (142) |
| Utilities | (192) | (155) | (177) | (24) |
| Personnel costs | (1,225) | (1,393) | (1,371) | (189) |
| Depreciation and amortization | (319) | (305) | (301) | (41) |
| Consumables, food and beverage | (293) | (336) | (269) | (37) |
| Others | (450) | (901) | (459) | (64) |
| Total hotel operating costs | (3,565) | (4,190) | (3,604) | (497) |
| Other operating costs | (9) | (5) | (11) | (2) |
| Selling and marketing expenses | (260) | (296) | (243) | (33) |
| General and administrative expenses | (509) | (725) | (512) | (71) |
| Pre-opening expenses | (8) | (4) | (3) | (0) |
| Total operating costs and expenses | (4,351) | (5,220) | (4,373) | (603) |

| | | | | |
|--|---------|---------|-------|-------|
| Proceeds from maturity/sale and return of investments | 842 | 176 | 3,031 | 417 |
| Loan advances | (52) | (54) | (10) | (1) |
| Loan collections | 38 | 73 | 40 | 5 |
| Other | 55 | 10 | 1 | 0 |
| Net cash provided by (used in) investing activities | 348 | (3,099) | 757 | 103 |
| Financing activities: | | | | |
| Payment of share repurchase | (544) | - | (430) | (59) |
| Proceeds from debt | 536 | 25 | - | - |
| Repayment of debt | (137) | (49) | (166) | (23) |
| Dividend paid | (2,091) | (0) | - | - |
| Other | (22) | (13) | (32) | (4) |
| Net cash provided by (used in) financing activities | (2,258) | (37) | (628) | (86) |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (17) | 21 | 70 | 10 |
| Net increase (decrease) in cash, cash equivalents and restricted cash, including cash classified within assets held for sale | (1,041) | (411) | 779 | 107 |
| Less: net increase (decrease) in cash and cash equivalents classified within assets held for sale | 5 | 5 | (2) | (0) |
| Cash, cash equivalents and restricted cash at the beginning of the period | 7,710 | 7,940 | 7,524 | 1,037 |
| Cash, cash equivalents and restricted cash at the end of the period | 6,664 | 7,524 | 8,305 | 1,144 |

H World Group Limited
Unaudited Reconciliation of GAAP and Non-GAAP Results
Quarter Ended

| | March 31, 2024 | December 31, 2024 | March 31, 2025 | |
|---|--|-------------------|----------------|---------------|
| | RMB | RMB | RMB | US\$ |
| | (in millions, except shares, per share and per ADS data) | | | |
| Net income (loss) attributable to H World Group Limited (GAAP) | 659 | 49 | 894 | 123 |
| Share-based compensation expenses | 58 | 73 | 77 | 11 |
| (Gain) loss from fair value changes of equity securities | (38) | 19 | 12 | 2 |
| Foreign exchange (gain) loss, net | 92 | 155 | (208) | (29) |
| (Gain) loss on disposal of investments | - | 25 | - | - |
| Adjusted net income (loss) attributable to H World Group Limited (non-GAAP) | 771 | 321 | 775 | 107 |
| Adjusted earnings (losses) per share (non-GAAP) | | | | |
| Basic | 0.25 | 0.10 | 0.25 | 0.03 |
| Diluted | 0.24 | 0.10 | 0.25 | 0.03 |
| Adjusted earnings (losses) per ADS (non-GAAP) | | | | |
| Basic | 2.46 | 1.04 | 2.53 | 0.35 |
| Diluted | 2.43 | 1.03 | 2.48 | 0.34 |
| Weighted average number of shares used in computation | | | | |
| Basic | 3,139,466,152 | 3,080,973,793 | 3,066,765,293 | 3,066,765,293 |
| Diluted | 3,172,770,493 | 3,123,364,616 | 3,232,049,635 | 3,232,049,635 |

Quarter Ended

| March 31, 2024 | December 31, 2024 | March 31, 2025 | |
|----------------|-------------------|----------------|------|
| RMB | RMB | RMB | US\$ |
| (in millions) | | | |

| | | | | |
|---|--------------|--------------|--------------|------------|
| Net income (loss) attributable to H World Group Limited (GAAP) | 659 | 49 | 894 | 123 |
| Interest income | (51) | (53) | (49) | (7) |
| Interest expense | 83 | 74 | 74 | 10 |
| Income tax expense | 279 | 578 | 377 | 52 |
| Depreciation and amortization | 339 | 326 | 319 | 44 |
| EBITDA (non-GAAP) | 1,309 | 974 | 1,615 | 222 |
| Share-based compensation | 58 | 73 | 77 | 11 |
| (Gain) loss from fair value changes of equity securities | (38) | 19 | 12 | 2 |
| Foreign exchange (gain) loss, net | 92 | 155 | (208) | (29) |
| (Gain) loss on disposal of investments | - | 25 | - | - |
| Adjusted EBITDA (non-GAAP) | 1,421 | 1,246 | 1,496 | 206 |

**H World Group Limited
Segment Financial Summary**

| | Quarter Ended March 31, 2024 | | | Quarter Ended December 31, 2024 | | | Quarter Ended March 31, 2025 | | |
|----------------------------------|------------------------------|---------------|-------------|---------------------------------|---------------|-------------|------------------------------|---------------|-------------|
| | Legacy-Huazhu | Legacy-DH | Elimination | Legacy-Huazhu | Legacy-DH | Elimination | Legacy-Huazhu | Legacy-DH | Elimination |
| | RMB | RMB | RMB | RMB | RMB | RMB | RMB | RMB | RMB |
| | | (in millions) | | | (in millions) | | | (in millions) | |
| Leased and owned hotels | 2,112 | 987 | - | 2,178 | 1,195 | - | 1,913 | 876 | - |
| Manachised and franchised hotels | 2,042 | 23 | (2) | 2,470 | 34 | (5) | 2,472 | 31 | (4) |
| Others | 92 | 25 | (1) | 141 | 12 | (2) | 96 | 11 | - |
| Revenue | 4,246 | 1,035 | (3) | 4,789 | 1,241 | (7) | 4,481 | 918 | (4) |
| Depreciation and amortization | 280 | 59 | (0) | 265 | 61 | (0) | 259 | 60 | (0) |
| Adjusted EBITDA | 1,487 | (66) | (0) | 1,493 | (247) | (0) | 1,573 | (77) | 0 |

From this quarter, we started to present the segment financial summary before elimination. Accordingly, comparative figures for the prior periods were updated to conform to the current period's presentation.

Operating Results: Legacy-Huazhu⁽¹⁾

| | Number of hotels | | | Number of rooms | |
|----------------------------------|-------------------|----------------------------------|----------------------|----------------------|----------------------|
| | Opened in Q1 2025 | Closed ⁽²⁾ in Q1 2025 | Net added in Q1 2025 | As of March 31, 2025 | As of March 31, 2025 |
| Leased and owned hotels | 2 | (7) | (5) | 552 | 81,736 |
| Manachised and franchised hotels | 692 | (148) | 544 | 11,012 | 1,034,664 |
| Total | 694 | (155) | 539 | 11,564 | 1,116,400 |

(1) Legacy-Huazhu refers to H World and its subsidiaries, excluding DH.

(2) The reasons for hotel closures mainly included non-compliance with our brand standards, operating losses, and property-related issues. In Q1 2025, we temporarily closed 9 hotels for brand upgrade and business model change purposes.

| | As of March 31, 2025 | |
|---|----------------------|-----------------------------|
| | Number of hotels | Unopened hotels in pipeline |
| Economy hotels | 5,673 | 1,114 |
| Leased and owned hotels | 275 | 2 |
| Manachised and franchised hotels | 5,398 | 1,112 |
| Midscale, upper-midscale hotels and others | 5,891 | 1,751 |
| Leased and owned hotels | 277 | 4 |
| Manachised and franchised hotels | 5,614 | 1,747 |
| Total | 11,564 | 2,865 |

| | For the quarter ended | | | |
|---|-----------------------|----------------------|-------------------|---------------|
| | March 31, 2024 | December 31, 2024 | March 31, 2025 | yoy change |
| <i>Average daily room rate (in RMB)</i> | | | | |
| Leased and owned hotels | 346 | 353 | 338 | -2.2% |
| Manachised and franchised hotels | 272 | 270 | 267 | -2.0% |
| Blended | 280 | 277 | 272 | -2.6% |
| <i>Occupancy rate (as a percentage)</i> | | | | |
| Leased and owned hotels | 81.0% | 83.7% | 79.7% | -1.3p.p. |
| Manachised and franchised hotels | 76.8% | 79.7% | 75.9% | -0.9p.p. |
| Blended | 77.2% | 80.0% | 76.2% | -1.0p.p. |
| <i>RevPAR (in RMB)</i> | | | | |
| Leased and owned hotels | 280 | 296 | 269 | -3.8% |
| Manachised and franchised hotels | 209 | 215 | 203 | -3.1% |
| Blended | 216 | 222 | 208 | -3.9% |

Same-hotel operational data by class

Mature hotels in operation for more than 18 months

| | Number of hotels | | Same-hotel RevPAR | | | Same-hotel ADR | | | Same-hotel Occupancy | | |
|---|--------------------|-------|---------------------------------------|------|---------------|---------------------------------------|------|---------------|---------------------------------------|-------|---------------|
| | As of March 31, | | For the quarter ended March 31, | | yoy change | For the quarter ended March 31, | | yoy change | For the quarter ended March 31, | | yoy change |
| | 2024 | 2025 | 2024 | 2025 | | 2024 | 2025 | | 2024 | 2025 | (p.p.) |
| Economy hotels | 3,855 | 3,855 | 172 | 156 | -9.1% | 213 | 201 | -5.7% | 80.8% | 77.9% | -2.9 |
| Leased and owned hotels | 265 | 265 | 208 | 188 | -9.3% | 248 | 231 | -6.8% | 83.7% | 81.4% | -2.2 |
| Manachised and franchised hotels | 3,590 | 3,590 | 168 | 153 | -9.1% | 209 | 197 | -5.5% | 80.5% | 77.5% | -3.0 |
| Midscale, upper-midscale hotels and others | 3,595 | 3,595 | 266 | 245 | -7.9% | 343 | 325 | -5.3% | 77.5% | 75.4% | -2.1 |
| Leased and owned hotels | 250 | 250 | 344 | 321 | -6.8% | 429 | 407 | -5.0% | 80.2% | 78.7% | -1.5 |
| Manachised and franchised hotels | 3,345 | 3,345 | 257 | 236 | -8.1% | 333 | 315 | -5.4% | 77.2% | 75.0% | -2.2 |
| Total | 7,450 | 7,450 | 224 | 205 | -8.3% | 284 | 269 | -5.3% | 79.0% | 76.5% | -2.5 |

Operating Results: Legacy-DH⁽³⁾

| | Number of hotels | | | | Number of rooms As of March 31, 2025 | Unopened hotels in pipeline As of March 31, 2025 |
|----------------------------------|----------------------|----------------------|-------------------------|---|---|---|
| | Opened in Q1 2025 | Closed in Q1 2025 | Net added in Q1 2025 | As of March 31, 2025 ⁽⁴⁾ | | |
| Leased hotels | - | (11) | (11) | 65 | 13,749 | 10 |
| Manachised and franchised hotels | 10 | - | 10 | 56 | 12,009 | 13 |
| Total | 10 | (11) | (1) | 121 | 25,758 | 23 |

(3) Legacy-DH refers to DH.

(4) As of March 31, 2025, a total of 3 hotels were temporarily closed due to repair and renovation.

| | For the quarter ended | | | |
|---|-----------------------|----------------------|-------------------|---------------|
| | March 31, 2024 | December 31, 2024 | March 31, 2025 | yoy change |
| <i>Average daily room rate (in EUR)</i> | | | | |
| Leased hotels | 110 | 115 | 104 | -5.1% |
| Manachised and franchised hotels | 95 | 115 | 110 | 15.7% |
| Blended | 104 | 115 | 107 | 2.8% |
| <i>Occupancy rate (as a percentage)</i> | | | | |
| Leased hotels | 55.4% | 70.0% | 61.9% | +6.5 p.p. |

| | | | | |
|----------------------------------|-------|-------|-------|-----------|
| Manachised and franchised hotels | 56.4% | 71.2% | 60.2% | +3.7 p.p. |
| Blended | 55.8% | 70.5% | 61.1% | +5.3 p.p. |
| <i>RevPAR (in EUR)</i> | | | | |
| Leased hotels | 61 | 81 | 64 | 6.1% |
| Manachised and franchised hotels | 54 | 82 | 66 | 23.4% |
| Blended | 58 | 81 | 65 | 12.7% |

Hotel Portfolio by Brand

| | As of March 31, 2025 | | |
|---|------------------------|------------------|--------------------------------|
| | Hotels in operation | Rooms | Unopened hotels in pipeline |
| Economy hotels | 5,677 | 464,841 | 1,123 |
| HanTing Hotel | 4,269 | 370,138 | 699 |
| Ni Hao Hotel | 453 | 34,145 | 118 |
| Hi Inn | 594 | 31,182 | 284 |
| Elan Hotel | 129 | 7,012 | - |
| Ibis Hotel | 228 | 21,707 | 13 |
| Zleep Hotels | 4 | 657 | 9 |
| Midscale hotels | 4,835 | 517,060 | 1,116 |
| JI Hotel | 3,092 | 351,344 | 756 |
| Orange Hotel | 913 | 97,144 | 236 |
| Starway Hotel | 722 | 58,502 | 120 |
| Ibis Styles Hotel | 108 | 10,070 | 4 |
| Upper midscale hotels | 994 | 132,474 | 527 |
| Crystal Orange Hotel | 267 | 33,501 | 142 |
| IntercityHotel ⁽⁵⁾ | 113 | 19,158 | 125 |
| CitiGO Hotel | 34 | 5,144 | 4 |
| Manxin Hotel | 175 | 16,239 | 64 |
| Madison Hotel | 157 | 18,185 | 115 |
| Mercure Hotel | 204 | 31,319 | 48 |
| Novotel Hotel | 34 | 7,349 | 23 |
| MAXX ⁽⁶⁾ | 10 | 1,579 | 6 |
| Upscale hotels | 152 | 22,016 | 112 |
| Blossom House | 78 | 3,749 | 95 |
| Joya Hotel | 7 | 1,234 | 1 |
| Grand Mercure Hotel | 9 | 1,825 | 1 |
| Steigenberger Hotels & Resorts ⁽⁷⁾ | 55 | 14,621 | 14 |
| Jaz in the City | 3 | 587 | 1 |
| Luxury hotels | 16 | 2,325 | 5 |
| Steigenberger Icon ⁽⁸⁾ | 9 | 1,804 | 3 |
| Song Hotels | 7 | 521 | 2 |
| Others | 11 | 3,442 | 5 |
| Other hotels ⁽⁹⁾ | 11 | 3,442 | 5 |
| Total | 11,685 | 1,142,158 | 2,888 |

(5) As of March 31, 2025, 56 operational hotels and 121 pipeline hotels of IntercityHotel were under Legacy-Huazhu.

(6) As of March 31, 2025, 6 operational hotels and 6 pipeline hotels of MAXX were under Legacy-Huazhu.

(7) As of March 31, 2025, 12 operational hotels and 8 pipeline hotels of Steigenberger Hotels & Resorts were under Legacy-Huazhu.

(8) As of March 31, 2025, 3 operational hotels and 2 pipeline hotels of Steigenberger Icon were under Legacy-Huazhu.

(9) Other hotels include other partner hotels and other hotel brands in Yongle Huazhu Hotel & Resort Group (excluding Steigenberger Hotels & Resorts and Blossom House).

¹ Hotel turnover refers to total transaction value of room and non-room revenue from H World hotels (i.e., leased and operated, manachised and franchised hotels).

² The conversion of Renminbi ("RMB") into United States dollars ("US\$") is based on the exchange rate of US\$1.00=RMB7.2567 on March 31, 2025, as set forth in H.10 statistical release of the U.S. Federal Reserve Board and available at http://www.federalreserve.gov/releases/h10/hist/dat00_ch.htm.

³ The conversion of Renminbi ("RMB") into United States dollars ("US\$") is based on the exchange rate of US\$1.00=RMB7.2567 on March 31, 2025, as set forth in H.10 statistical release of the U.S. Federal Reserve Board and available at http://www.federalreserve.gov/releases/h10/hist/dat00_ch.htm.

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