



Tim's China

Nasdaq: THCH

Q1 2024 Earnings Presentation

June 5th, 2024

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This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "future," "opportunity," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions. Without limiting the generality of the foregoing, the forward-looking statements in this document include descriptions of THIL's future commercial operations, such as the continued expansion of its store network. Forward-looking statements are predictions, projections and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to risks and uncertainties. Many factors could cause actual future events to differ materially from the forward-looking statements in this document, such as THIL's inability to implement its business plans, identify and realize additional opportunities, or meet or exceed its financial projections and changes in the regulatory or competitive environment in which THIL operates. You should carefully consider the foregoing factors and the other risks, uncertainties and factors set forth in the sections entitled "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" in THIL's annual report on Form 20-F and other documents filed or to be filed by THIL with the U.S. Securities and Exchange Commission from time to time, which could cause actual events and results to differ materially from those contained in the forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements. THIL cannot assure you that these forward-looking statements will prove to be accurate and assumes no obligation and does not intend to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

The Company uses non-GAAP financial measures, namely adjusted store EBITDA, adjusted store EBITDA margin, adjusted general and administrative expenses, adjusted corporate EBITDA, adjusted corporate EBITDA margin, adjusted net loss, adjusted net loss margin, and adjusted basic and diluted net loss per ordinary share in evaluating its operating results and for financial and operational decision-making purposes. The Company defines (i) adjusted store EBITDA as fully-burdened gross profit of company owned and operated stores excluding depreciation and amortization, and store pre-opening expenses; (ii) adjusted store EBITDA margin as adjusted store EBITDA as a percentage of revenues from company owned and operated stores; (iii) adjusted general and administrative expenses as general and administrative expenses excluding share-based compensation expenses, expenses related to the Commitment Shares, the ESA Offering Costs, and expenses related to the Option Shares, and professional fees related to warrant exchange and other financing programs; (iv) adjusted corporate EBITDA as operating loss excluding store pre-opening expenses, and certain non-cash expenses consisting of depreciation and amortization, share-based compensation expenses, expenses related to the Commitment Shares, the ESA Offering Costs, expenses related to the Option Shares, professional fees related to warrant exchange and other financing programs, impairment losses of long-lived assets, and loss on disposal of property and equipment; (v) adjusted corporate EBITDA margin as adjusted corporate EBITDA as a percentage of total revenues; (vi) adjusted net loss as net loss excluding store pre-opening expenses, share-based compensation expenses, expenses related to the Commitment Shares, the ESA Offering Costs, expenses related to the Option Shares, professional fees related to warrant exchange and other financing programs, impairment losses of long-lived assets, loss on disposal of property and equipment, changes in fair value of convertible notes, changes in fair value of warrant liabilities; and changes in fair value of ESA derivative liabilities; (vii) adjusted net loss margin as adjusted net loss as a percentage of total revenues; (viii) adjusted basic and diluted net loss per ordinary share as adjusted net loss attributable to the Company's ordinary shareholders divided by weighted-average number of basic and diluted ordinary share. The Company believes adjusted store EBITDA, adjusted store EBITDA margin, adjusted general and administrative expenses, adjusted corporate EBITDA, adjusted corporate EBITDA margin, adjusted net loss, adjusted net loss margin, and adjusted basic and diluted net loss per ordinary share enhance investors' overall understanding of its financial performance and allow for greater visibility with respect to key metrics used by its management in its financial and operational decision-making.

These non-GAAP financial measures are not defined under U.S. GAAP and are not presented in accordance with U.S. GAAP. As these non-GAAP financial measures have limitations as analytical tools and may not be calculated in the same manner by all companies, they may not be comparable to other similarly titled measures used by other companies. The Company compensates for these limitations by reconciling the non-GAAP financial measures to the nearest U.S. GAAP performance measures, which should be considered when evaluating the Company's performance. For reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures, please see the section of the accompanying tables titled, "Reconciliation of Non-GAAP Measures To The Most Directly Comparable GAAP Measures." The Company encourages investors and others to review its financial information in its entirety and not rely on any single financial measure.



01. Business Update



Resilient Top Line; System Sales & Loyalty Membership Highlights



	Q1'22	Q1'23	Q1'24	YoY % (24 vs 23)
Total stores	424	648	917	41.5%
Net new stores ⁽¹⁾	34	31	5	(83.9)%
Registered Loyalty club members (mm)	6.9	12.4	20.3	63.6%
Digital orders % ⁽²⁾	75.4%	79.1%	85.4%	6.3ppts
Total revenues (RMBmm)	224.7	336.5	346.8	3.1%
System Sales (RMBmm) ⁽³⁾	222.4	339.4	363.5	7.1%
Revenues from company-owned stores (RMBmm)	211.0	310.5	311.0	0.1%
Same-store Sales Growth for company-owned stores (%) ⁽⁴⁾	5.5%	8.0%	(11.7)%	(19.7)pts

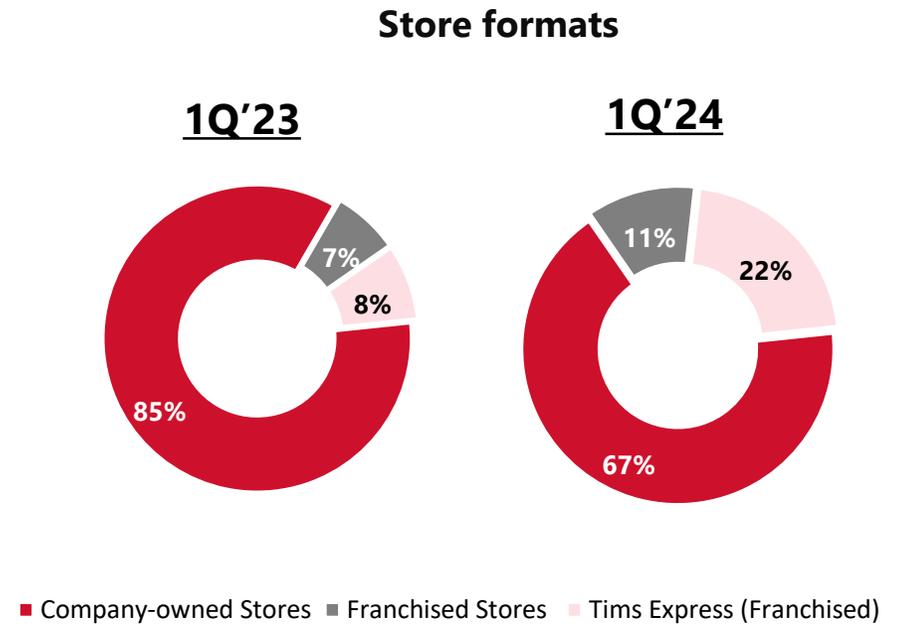
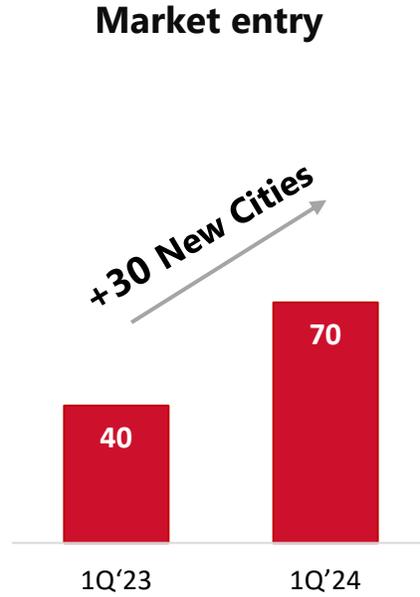
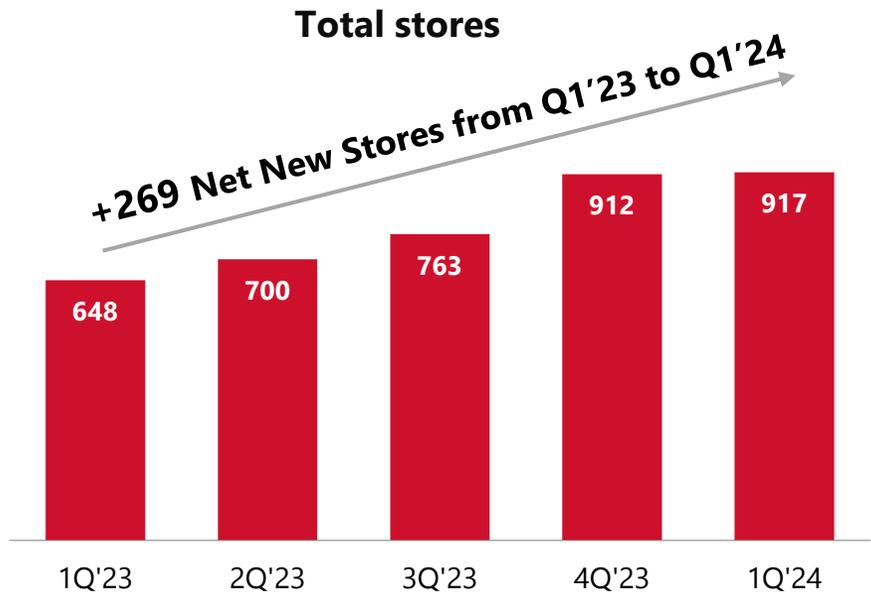
(1) The number of gross new stores opened during the period minus the number of stores permanently closed during the period.

(2) Revenues from digital orders, including both delivery and mobile ordering for self pick-up, as a percentage of THIL's revenues from company owned and operated stores

(3) System Sales include sales generated from company-owned stores and franchise stores

(4) The percentage change in the sales of company owned and operated stores that have been operating for 12 months or longer during a certain period compared to the same period from the prior year. The same-store sales growth for any period of more than a month equals to the arithmetic average of the same-store sales growth of each month covered in the period. If a store was closed for seven days or more during any given month, its sales during that month and the same month in the comparison period are excluded for purposes of measuring same-store sales growth

Focus on Profitable and Capital-Efficient Growth



5 Net New Store Openings in 2024Q1



(14) Net Company-owned Store Openings¹



19 Net Franchised Store Openings



(1) We pruned 32 top underperforming company-owned stores in first quarter 2024

Our Trademark: Product Innovation Pleasing Local Tastes



Tims Double Double



Retro Donuts



Cherry Americano



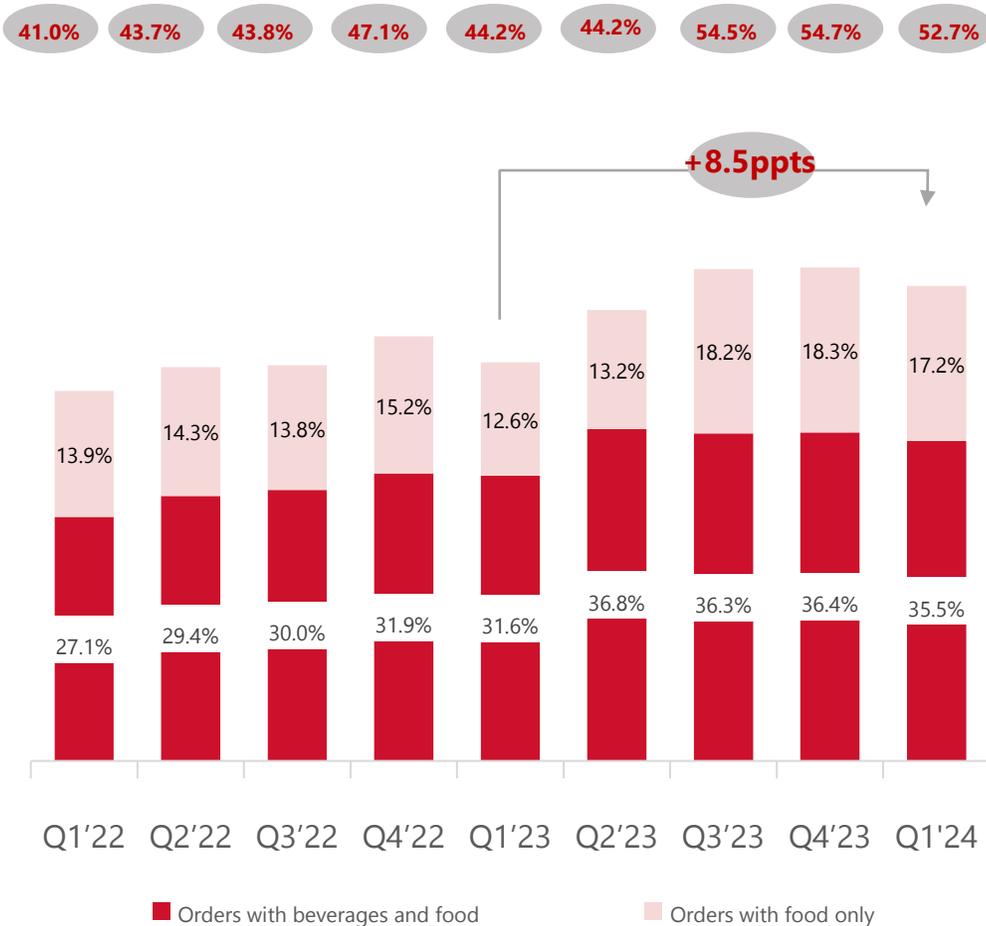
Rich Chocolate Flavored Latte



Our Differentiated Value Proposition: "Coffee Plus"



Percentage of orders with food



Signature combos and bagel sandwiches

周三贝果日

半价吃堡 半价吃饱

¥15

A

选一

B

选一

+ 小红书

辣么香鸿运贝果堡

超值套餐 | 香辣 | 口感丰富

过瘾的麻辣红油风味，特别加入脆爽莴笋素毛肚与藕片，每一口都辣么香

¥25

预估券后价 ¥20

烤牛肉贝果堡

牛肉饼 | 蒜香 | 补充蛋白质

美味牛肉饼搭配美式混合培根酸豆角，更有美味鸡肉，带来双重美味享受

¥27

预估券后价 ¥21.6

蛋香鸡腿肉贝果堡

营养均衡 | 高回购 | 补充蛋白质

全麦贝果加入整块去皮鸡腿肉，搭配炒蛋和蔬菜，营养均衡

¥23

预估券后价 ¥18.4

无肉也欢火腿蛋贝果堡

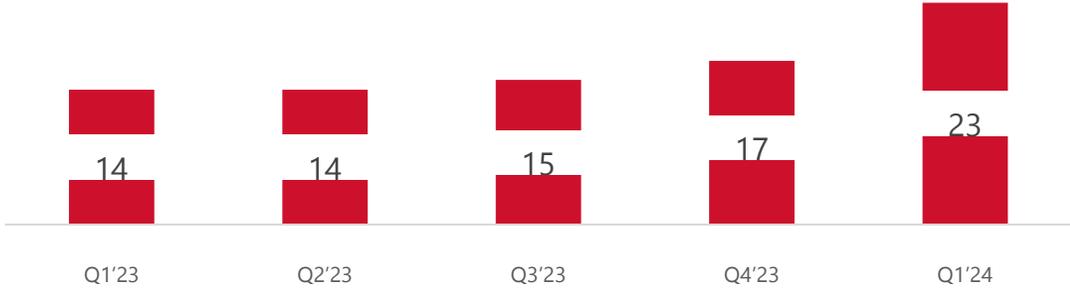
补充蛋白质 | 植物肉

高蛋白植物肉火腿搭配流心荷包蛋和芝士，美味不减无肉也欢

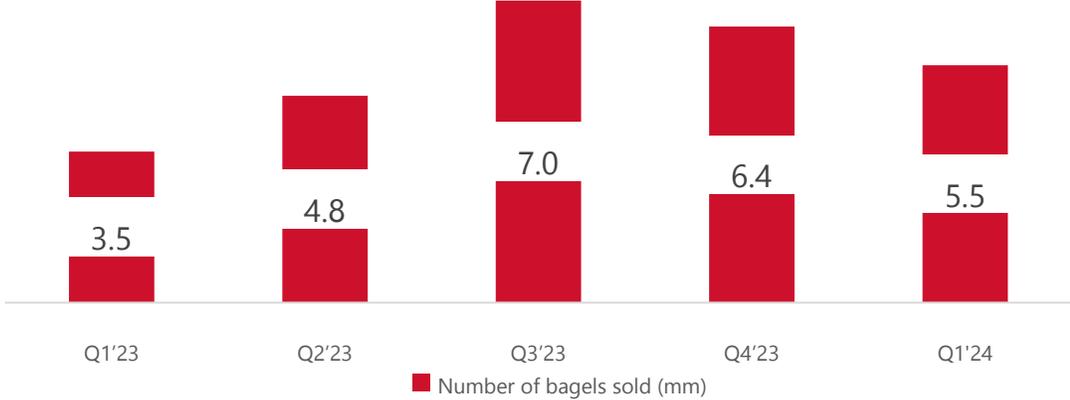
Bagel Products Empower "Coffee Plus" Strategy Through All Seasons



Bagel SKUs



Number of bagels sold



■ Number of bagels sold (mm)

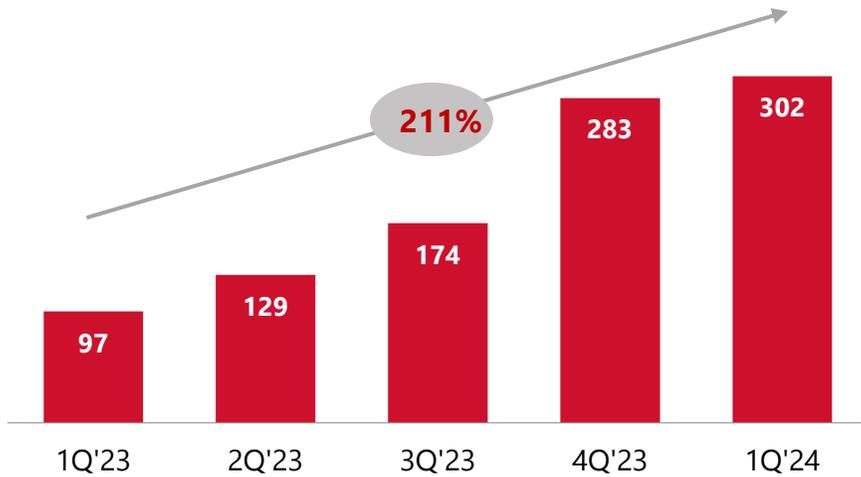
Bagel Tuntun Card Campaign – RMB 9.9 to Enjoy A Delicious Bagel



Further Expansion of Our Franchise Network on Track



Total Sub-Franchise Stores



Penetrated Into New Cities With Our Franchisees

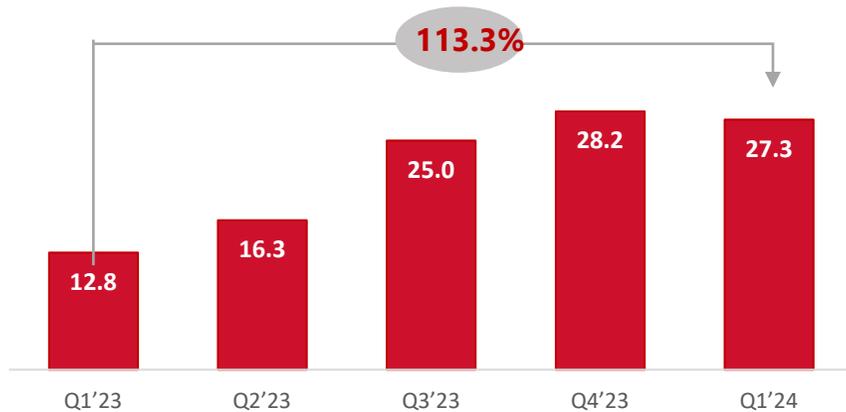


First store in Huzhou, a tier-2 city located in Zhejiang Province

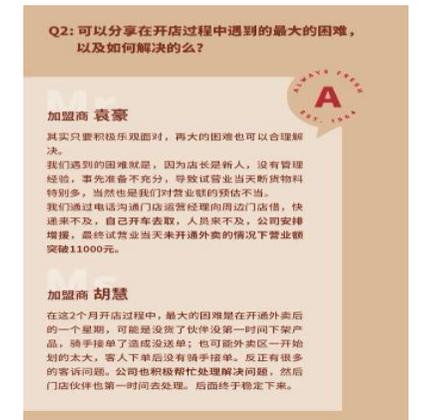
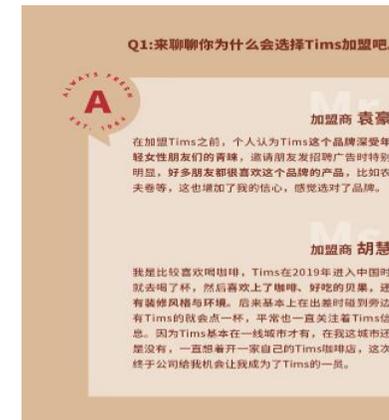


First store in Jinshan District, a suburban district of Shanghai

Revenues from Sub-Franchise Business (mm)



Successful Individual Franchisees Shared Their Valuable Insights



Building Family-Friendly Community, Attracting Gen Z and Gen Alpha



Celebrate Tim Hortons' 60th Anniversary



Scratch Cards Campaign



Tims x Dove



Tims x Tangle Angel



Tims Express: Profitable Growth with Stable of Renowned Partners



“Tims Express” in Beijing
with Easy Joy



“Tims Express” in Chengdu
with Century 21



“Tims Express” in Hangzhou
Courtyard by Marriott with Ling Ka



“Tims Express” in Shanghai
with Haier Sanyiniao



“Tims Express” in Subway
Station with Shanghai Metro



“Tims Express” in Wuhan
with Bestore



- **Sinopec's Easy Joy** is China's largest convenience store chain with more than 27,800 stores nationwide
- **Century 21** is a large real estate agency with more than 10,000 locations nationwide
- **Ling Ka** is an affiliate of a real estate developer and hotel operator
- **Haier Sanyiniao** operates over 1,000 home appliance retail stores nationwide
- **Shanghai Metro** operates the world's largest metro system
- **Bestore** is a leading snacks retailer with more than 3,300 stores across 181 cities in China

Popeyes® – Successful Launches of Chicken Burgers and New Desserts



Operating highlight

- ✓ 14 Popeyes stores successfully launched
- ✓ Three chicken burger introduced to customers during the Spring Festival Period
- ✓ "Lucky Crispy Ice Cream" ("好巧脆皮冰淇淋") dessert series launched, resulting in 70% increase in dessert category sales
- ✓ Officially launched Popeyes China membership program in Q1 2024, which successfully boosted customer repurchase rate

Opened 14 Popeyes Stores Favored by Consumers



Extensive Menu Mixed Classic and Innovative Products





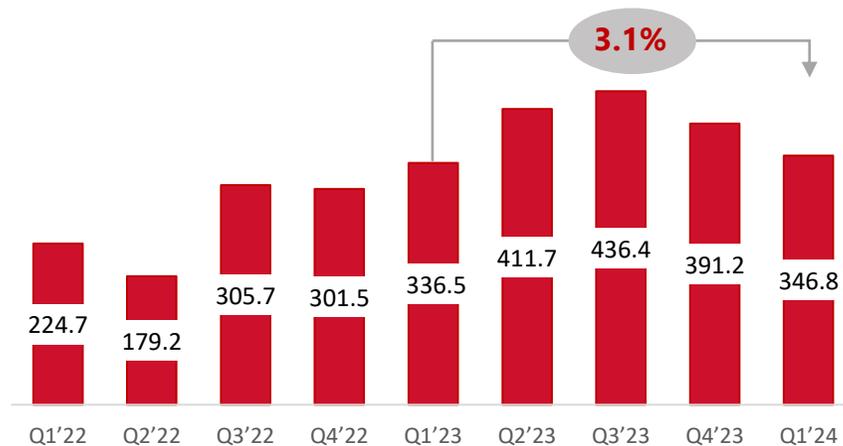
02. Financial Highlights



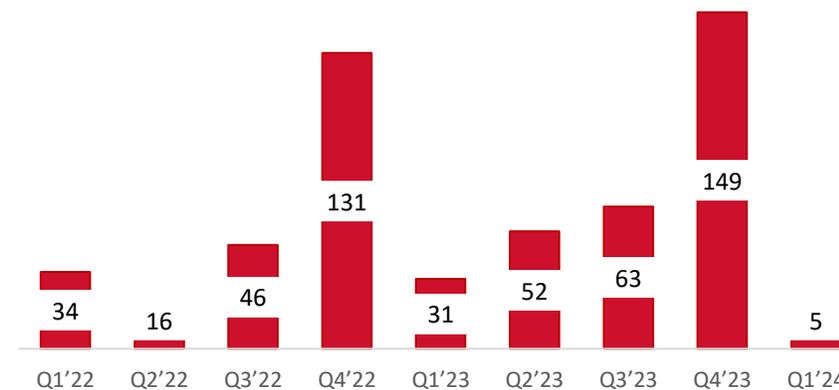
Resilient Top-line Driven by Digital Sales and Franchise Store Growth



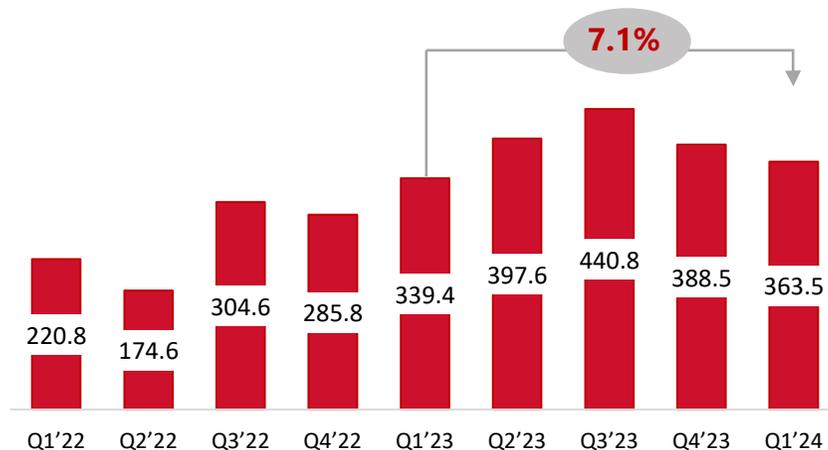
Total Revenues (mm)



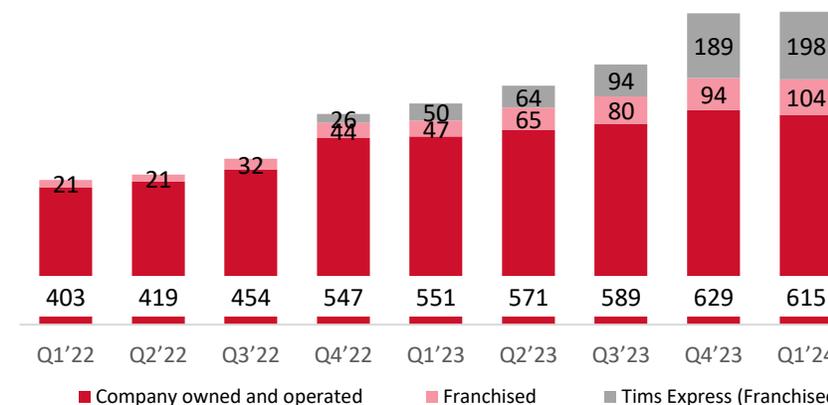
Net New Store Openings



System Sales⁽¹⁾



System-wide Stores

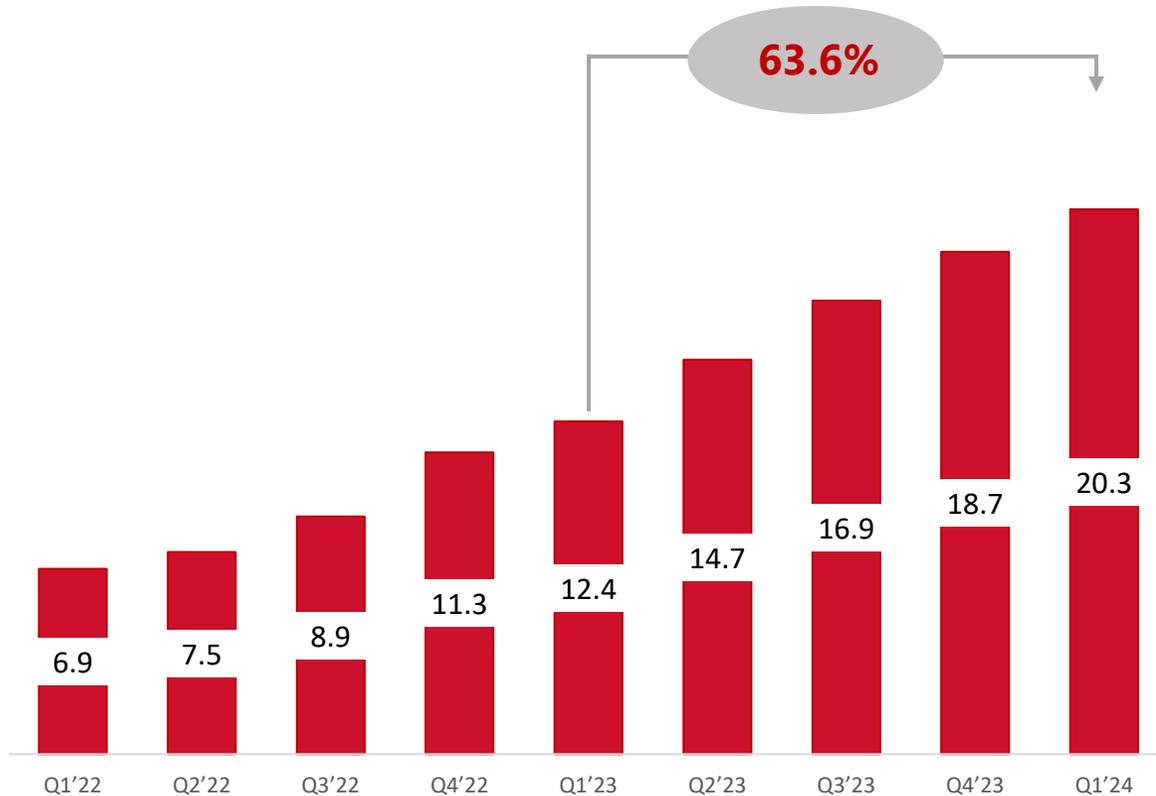


(1) System Sales include sales generated from company-owned stores and franchise stores

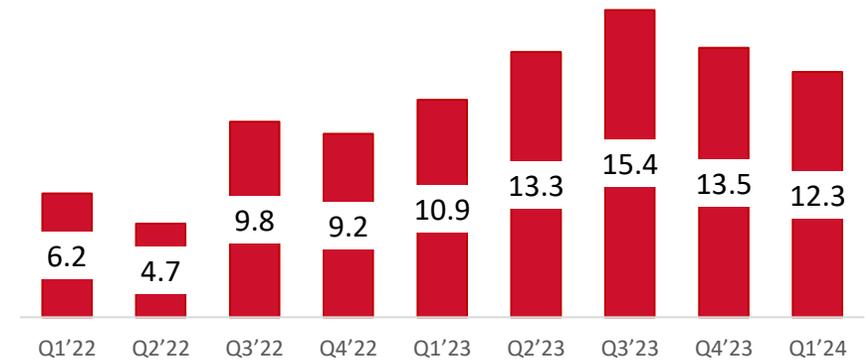
Steady Growth of Loyalty Club Members and Digital Orders



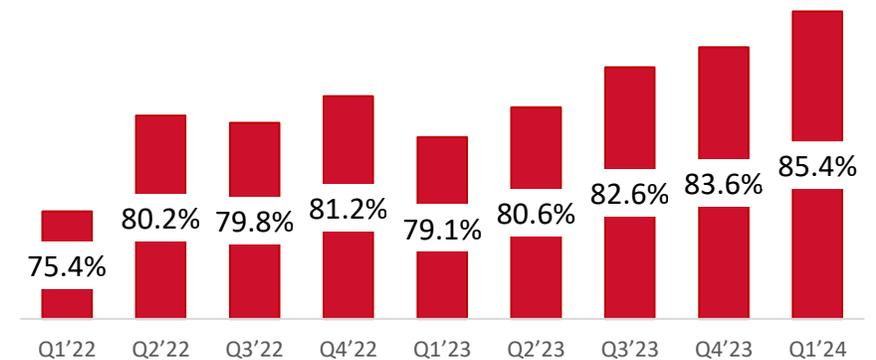
Registered Loyalty Club Members (mm)



Number of Orders (mm)



Digital Orders% (1)



(1) Revenues from digital orders, including both delivery and mobile ordering for self pick-up, as a percentage of THIL's revenues from company owned and operated stores

Improved Cost Structure and Operational Efficiency

	Q1			YOY (24 vs. 23)
	2022	2023	2024	
Food and packaging ⁽¹⁾	33.0%	35.9%	34.9%	↓ 100bp
Rental and property management fee ⁽¹⁾	27.7%	23.0%	22.1%	↓ 90bp
Payroll and employee benefits ⁽¹⁾	34.0%	23.5%	22.2%	↓ 130bp
Adjusted store EBITDA margin(1) (2)	(11.9)%	1.9%	2.0%	+10bp
Marketing expenses ⁽³⁾	5.7%	5.4%	6.0%	↑ 60bp
Adjusted General and administrative expenses ^{(3) (4)}	22.5%	20.0%	15.9%	↓ 410bp
Adjusted Corporate EBITDA margin ^{(3) (5)}	(37.2)%	(22.2)%	(15.4)%	+680bp

(1) As percentage of revenues from company owned and operated store

(2) Adjusted store EBITDA margin stands for adjusted store EBITDA as a percentage of our revenues from company owned and operated stores. Adjusted store EBITDA is calculated as fully-burdened gross profit of company owned and operated stores excluding depreciation and amortization, and store pre-opening expenses

(3) As percentage of total revenues

(4) Adjusted general and administrative expenses. Calculated as general and administrative expenses excluding share-based compensation expenses, expenses related to the Commitment Shares, the ESA Offering Costs, and expenses related to the Option Shares

(5) Adjusted corporate EBITDA. Calculated as operating loss excluding store pre-opening expenses, and certain non-cash expenses consisting of depreciation and amortization, share-based compensation expenses, expenses related to the Commitment Shares, the ESA Offering Costs, expenses related to the Option Shares, professional fees related to warrant exchange and other financing programs, impairment losses of long-lived assets and loss on disposal of property and equipment

Near-Term Financial Priorities



Improve Adjusted Corporate EBITDA Margins⁽¹⁾

Optimize Cost Structure

Deliver Sustainable Revenue Growth

Expand Store-Level Profitability

Accelerate Franchising Store Development

⁽¹⁾ Calculated as adjusted corporate EBITDA as a percentage of total revenues.

About TH International Limited

TH International Limited (Nasdaq: THCH) (“Tims China”) is the parent company of the exclusive master franchisees of Tim Hortons coffee shops in mainland China, Hong Kong and Macau and Popeyes restaurants in mainland China and Macau. Tims China was founded by Cartesian Capital Group and Tim Hortons Restaurants International, a subsidiary of Restaurant Brands International (TSX: QSR) (NYSE: QSR).

The company’s philosophy is rooted in world-class execution and data-driven decision making and centered on true local relevance, continuous innovation, genuine community, and absolute convenience. For more information, please visit <https://ir.timschina.com/>.

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