



Tim's China

Nasdaq: THCH

Q2 2024 Earnings Presentation

August 29, 2024

Disclaimer and Risk Factors



This presentation ("Presentation") is provided by TH International Limited ("THIL") for informational purposes only and does not constitute, or form a part of, an offer to sell, or the solicitation of an offer to sell or an offer to buy, any securities. The information herein does not purport to be all-inclusive. Neither THIL nor any of its affiliates, agents, advisors, directors, officers, employees and shareholders shall have any liability whatsoever, under contract, tort, trust or otherwise, to you or any person resulting from the use of the information in this Presentation by you or any of your representatives or for omissions from the information in this Presentation. No legally binding obligations will be created, implied, or inferred from this Presentation or the information contained herein. THIL reserves the right to amend or replace the information contained herein, in part or entirely, at any time, and undertake no obligation to provide you with access to the amended information or to notify you thereof.

The Presentation has not been endorsed by Restaurant Brands International Inc. or any its subsidiaries, affiliates, officers, directors, agents, employees and advisors (collectively, "Identified Persons"). The grant of the Tim Horton franchise rights to THIL by Tim Hortons Restaurant International GmbH ("THRI"), an affiliate of Restaurant Brands International Inc., pursuant to the Master Franchise and Development Agreement and THIL Franchise Agreements, as amended, should not be construed as an express or implied approval or endorsement by any Identified Persons of any statement regarding performance of THIL (financial or otherwise) in this Presentation. The enforcement or waiver of any obligation of THIL under the Master Franchise and Development Agreement or THIL Franchise Agreements, as amended, is generally a matter of THRI's sole discretion. You should not rely on any representation, assumption or belief that THRI will waive any obligations of THIL under those agreements.

Trademarks and Trade Names

This Presentation contains trademarks, service marks and trade names of third parties, which are the property of their respective owners. The use or display of third parties' trademarks, service marks, trade names or products in this Presentation is not intended to, and does not imply, a relationship with THIL, or an endorsement or sponsorship by or of THIL. Solely for convenience, the trademarks, service marks and trade names referred to in this Presentation may appear without the ®, TM or SM symbols, but such references are not intended to indicate, in any way, that THIL will not assert, to the fullest extent under applicable law, their rights or the right of the applicable licensor to these trademarks, service marks and trade names.

Forward-Looking Statements

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.



Tim Hortons



Tim Hortons



Tim Hortons



01. Business Update



Achieved First-ever Adjusted Corporate EBITDA Profitability and Secured Aggregate Financing of up to \$65 million



	Q2			YOY (24 vs. 23)
	2022	2023	2024	
Food and packaging ⁽¹⁾	35.8%	34.0%	30.9%	↓ 309bp
Rental and property management fee ⁽¹⁾	34.9%	20.8%	19.3%	↓ 148bp
Payroll and employee benefits ⁽¹⁾	39.1%	21.9%	18.9%	↓ 302bp
Other operating expenses ⁽¹⁾	10.4%	8.9%	7.6%	↓ 135bp
Adjusted store EBITDA margin ^{(1) (2)}	(26.6)%	5.0%	10.3%	↑ 526bp
Marketing expenses ⁽³⁾	10.7%	6.1%	3.5%	↓ 260bp
Adjusted General and administrative expenses ^{(3) (4)}	35.2%	11.7%	8.3%	↓ 345bp
Adjusted Corporate EBITDA margin ^{(3) (5)}	(67.7)%	(9.9)%	1.1%	↑ 1,102bp

(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

Resilient Top Line & Loyalty Membership Highlights



	Q2'22	Q2'23	Q2'24	YoY % (24 vs 23)
Total stores ⁽¹⁾	440	700	907	29.6%
Net new stores ⁽²⁾	16	52	1	(98.1)%
Registered Loyalty club members (mm)	7.5	14.7	21.4	45.4%
Digital orders % ⁽³⁾	80.2%	80.6%	86.5%	5.9ppts
Total revenues (RMBmm)	179.2	411.7	366.8	(6.9)%
System Sales (RMBmm) ⁽⁴⁾	174.6	397.6	403.8	1.6%
Revenues from company-owned stores (RMBmm)	164.5	362.6	322.3	(11.1)%
Same-store Sales Growth for company-owned stores (%) ⁽⁵⁾	(5.3)%	20.4%	(13.8)%	(34.2)pts

(1) Popeyes stores are not included in the count

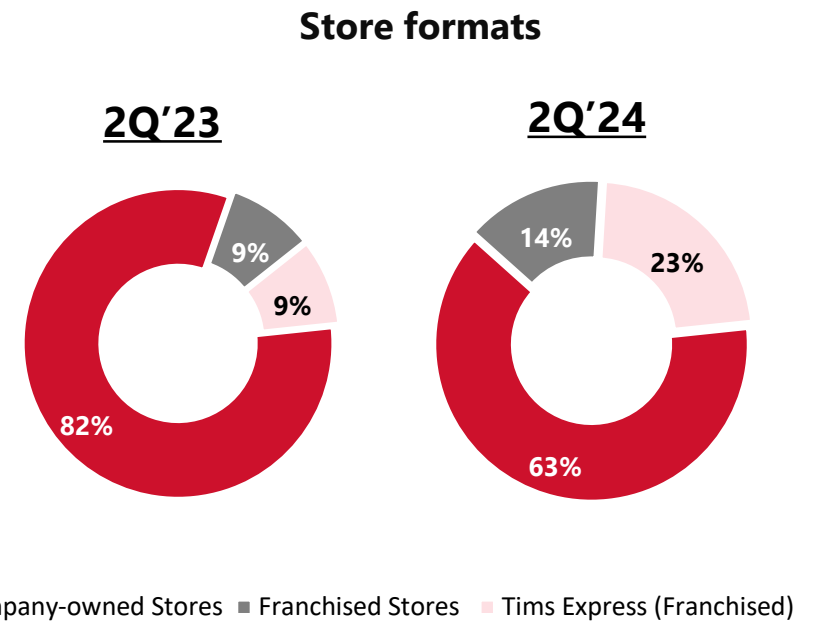
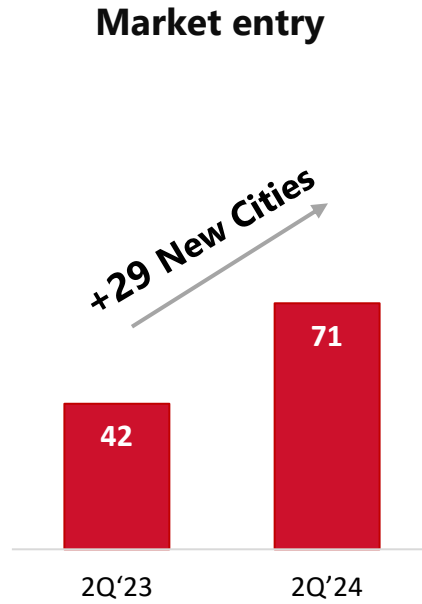
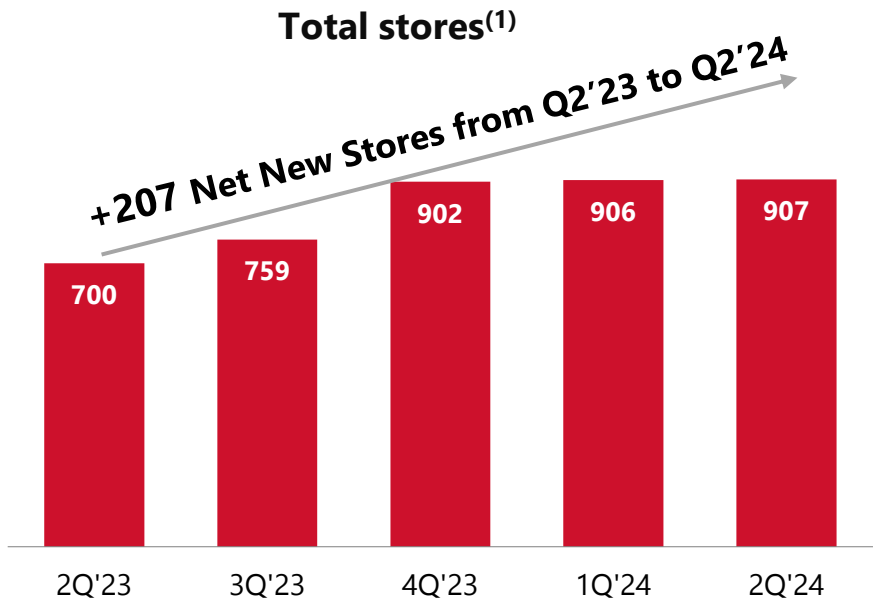
(2) The number of gross new stores opened during the period minus the number of stores permanently closed during the period

(3) 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

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

(5) 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 & Capital-Efficient Growth Delivery



1 Net New Store Openings in 2024Q2



(30) Net Company-owned Store Openings⁽¹⁾



31 Net Franchised Store Openings



(1) Popeyes stores are not included in the count
 (2) We pruned 34 underperforming company-owned stores in second quarter 2024

Our Trademark Strategic Vision: Product Innovation Pleasing Local Tastes



Floral Latte



Beef & Egg Farmer's Roll



Natural Milk Latte



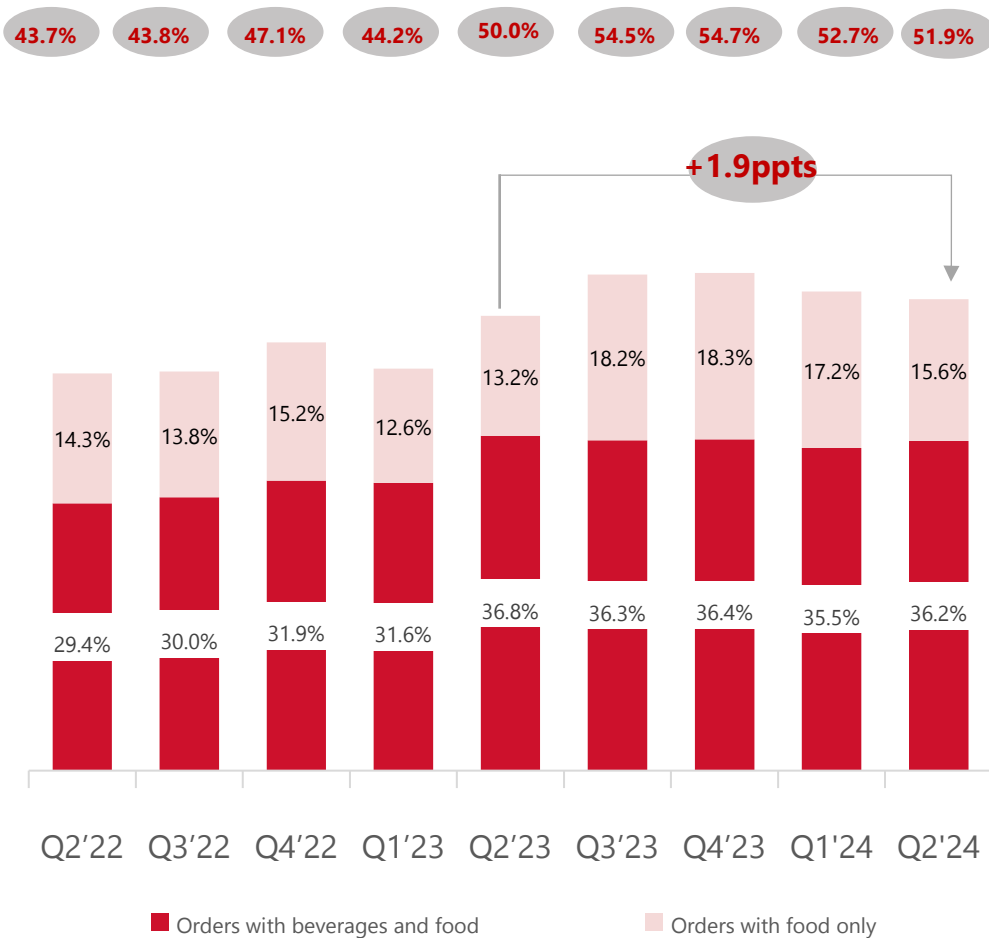
Real Juice Fruits Americano



Our Differentiated Value Proposition: "Coffee Plus"



Percentage of orders with food



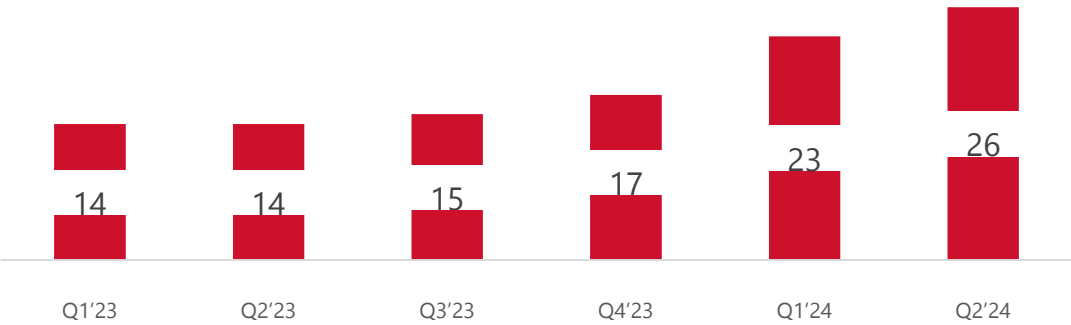
Signature combos and bagel sandwiches



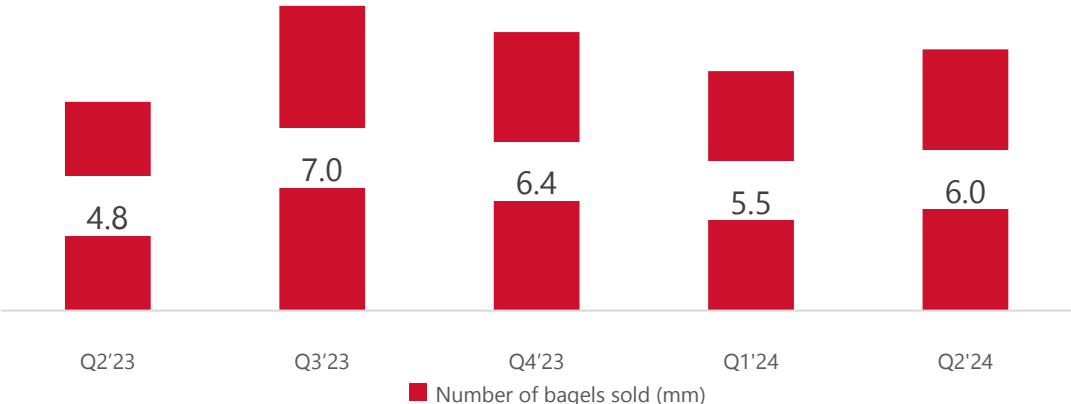
Bagel Products Empower “Coffee Plus” Strategy Through All Seasons



Bagel SKUs



Number of bagels sold



Bagels are Half Off on Wednesday



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



Collaborated with Suzhou Museum



Tims x Minglan IP



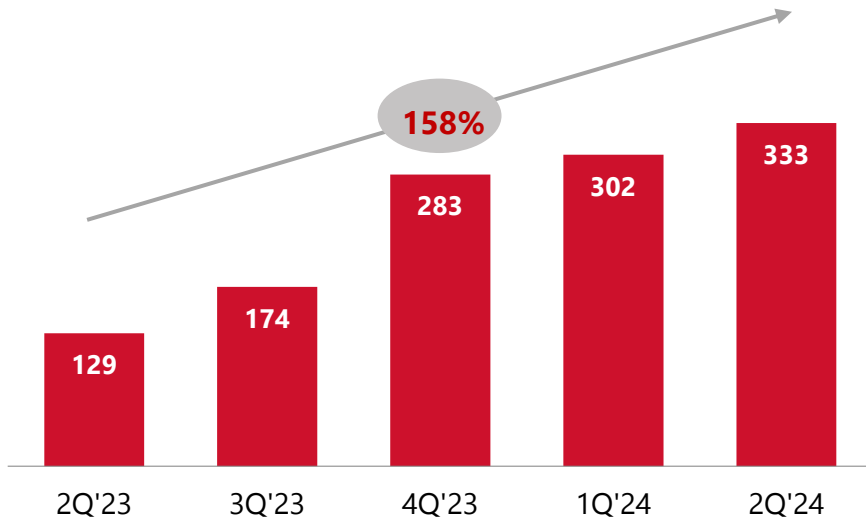
Children's Day Campaign



Further Expansion of Our Franchise Network on Track



Total Sub-Franchise Stores

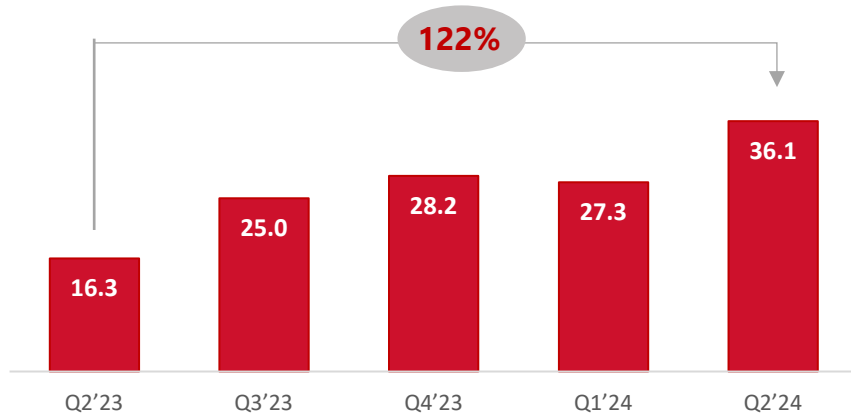


Penetrated Into New Cities With Our Franchisees



Penetrated into Luoyang in Henan Province, with 2 stores opened in Q2, 2024

Revenues from Sub-Franchise Business (mm)



First store in Hefei, a tier-2 city located in Anhui Province



First store in Peixian, a tier-3 city located in Jiangsu Province

The Individual Franchise Has Demonstrated Strong Growth And Remarkable Momentum



Applications

3600+



Made-to-order Store
Payback Period

2-3 years



Individual franchise stores

Opened # **21**

Signed # **52**

**Individual Franchise stores already
located across 12 provinces:**

Shanghai, Beijing, Zhejiang, Jiangsu, Anhui,
Sichuan, Henan, Hebei, Shandong, Shanxi,
Guangdong, Liaoning.....



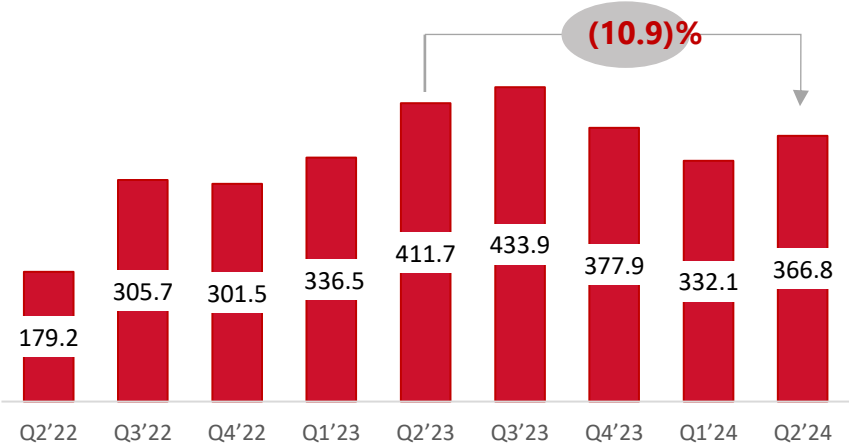
02. Financial Highlights



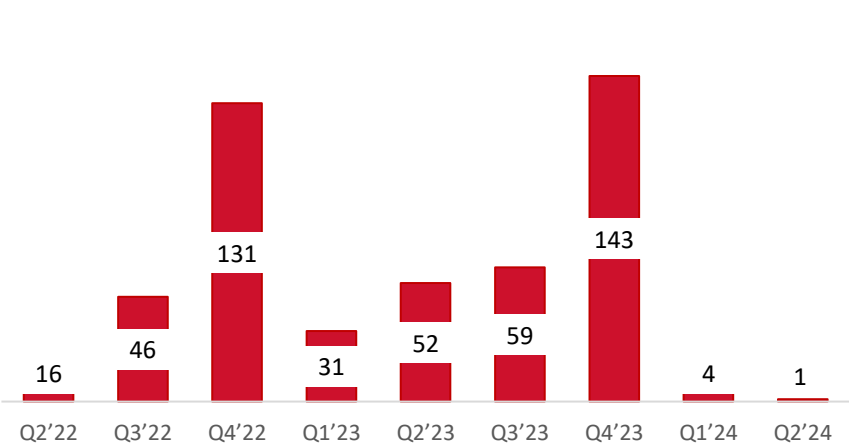
Resilient Top-line Driven by Digital Sales and Franchise Store Growth



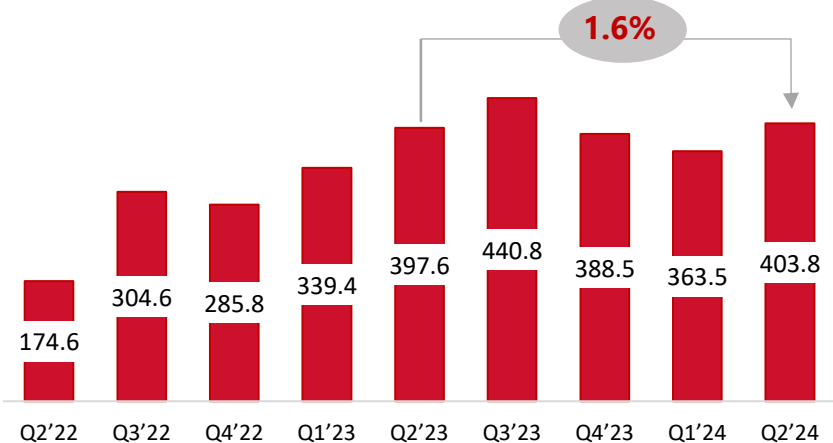
Total Revenues (mm)



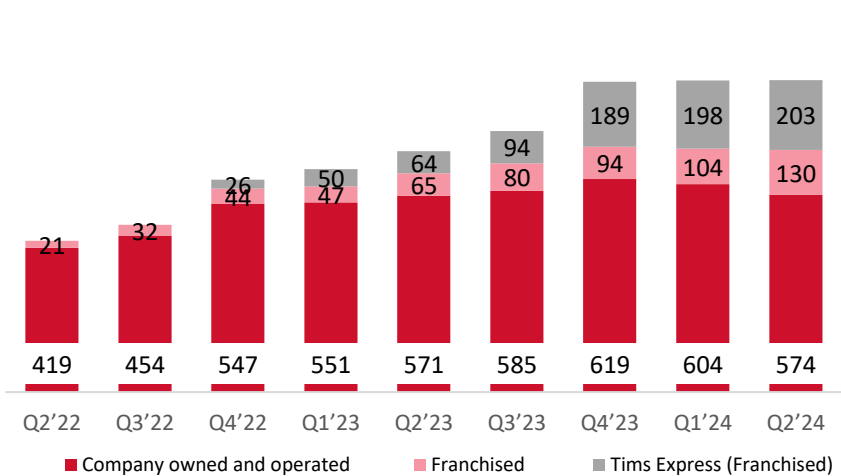
Net New Store Openings⁽¹⁾



System Sales⁽²⁾



System-wide Stores⁽¹⁾



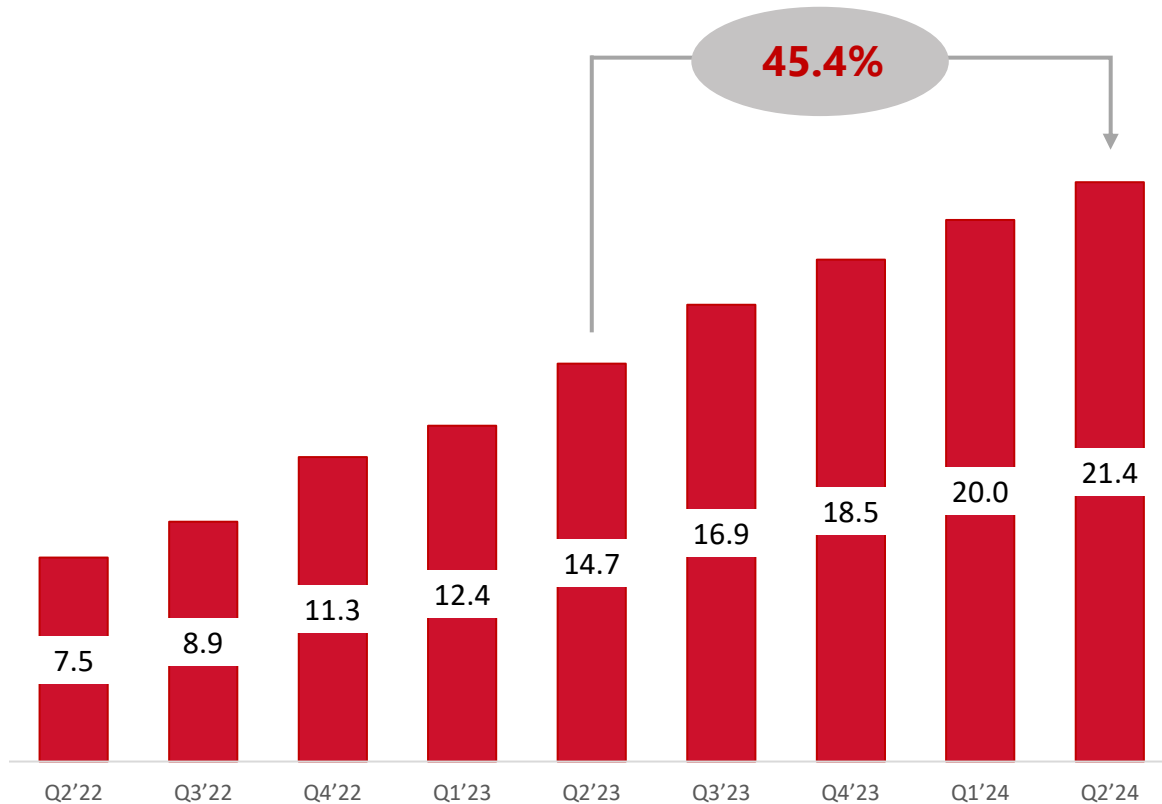
(1) Popeyes stores are not included in the count

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

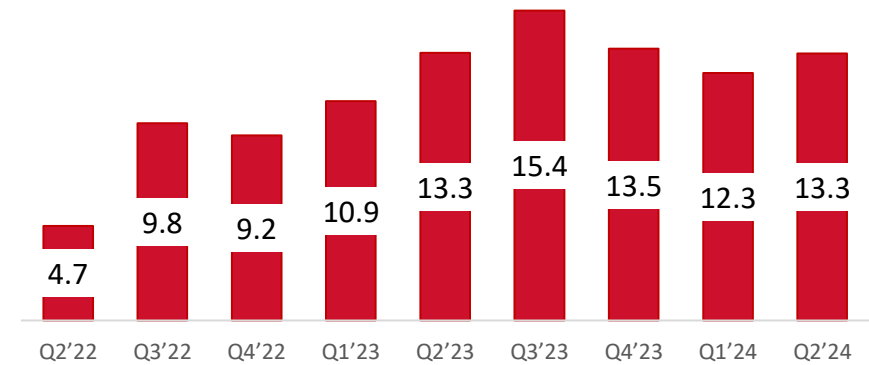
Steady Growth of Loyalty Club Members and Digital Orders



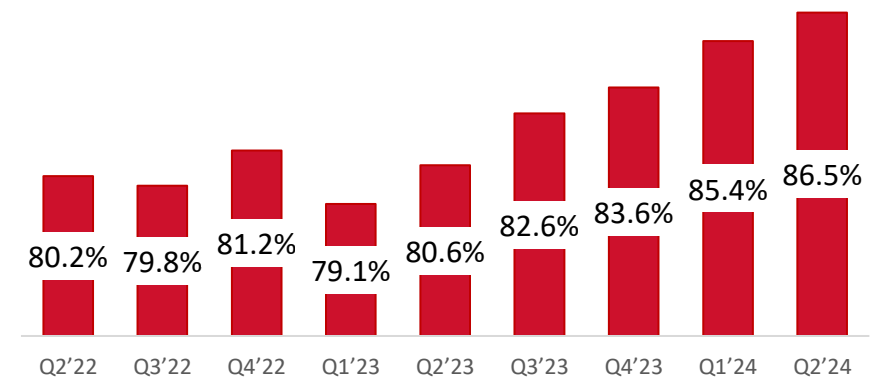
Registered Loyalty Club Members (mm)



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

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. 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/>.

Investor Relations Contact

Gemma Bakx

IR@timschina.com or Gemma.bakx@cartesiangroup.com

Public and Media Relations Contact

Patty Yu

Patty.Yu@timschina.com