



# Tim's China

Nasdaq: THCH

Q3 2023 Earnings Presentation

November 15<sup>th</sup>, 2023

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## 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; (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, 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, 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 GAAP and Non-GAAP Results." 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

Yongchen Lu, CEO & Director



# Strong Top Line, Store Development and Loyalty Membership Growth

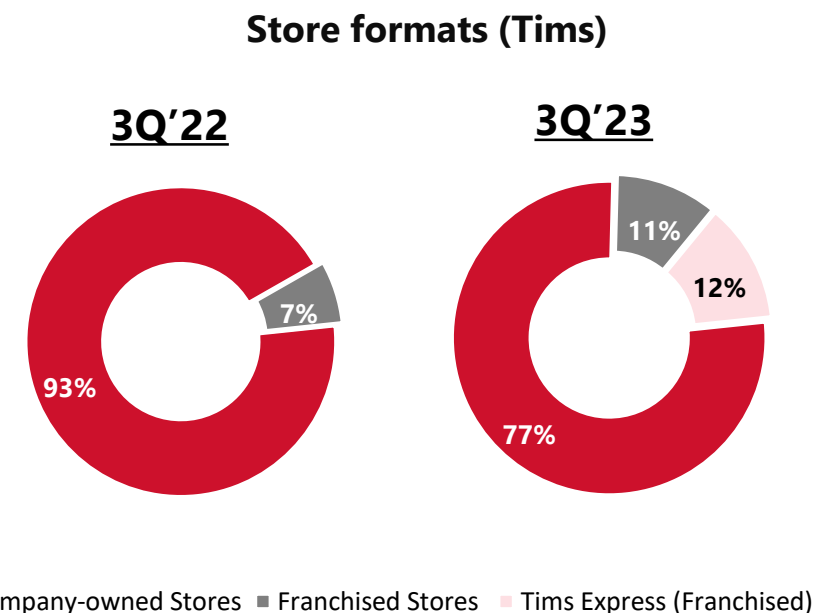
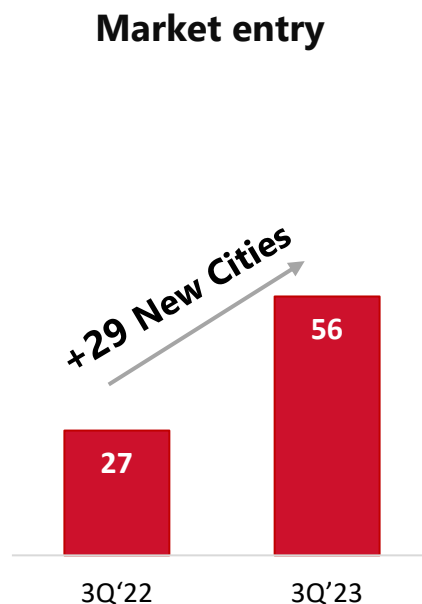
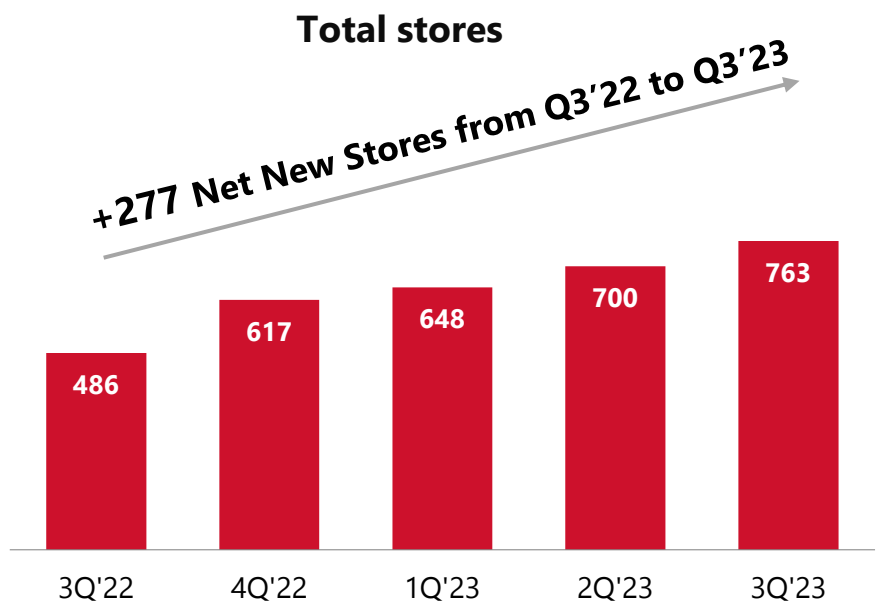


	Q3'22	Q3'23	YoY %
Total stores	486	763	57.0%
Net new stores <sup>(1)</sup>	46	63	37.0%
Registered Loyalty club members (mm)	8.9	16.9	90.3%
Digital orders % <sup>(2)</sup>	79.8%	82.6%	28bps
Total revenues (RMBmm)	305.7	436.4	42.7%
Revenues from company-owned stores (RMBmm)	290.0	390.8	34.8%

(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 THL's revenues from company owned and operated stores

# Strategic Store Expansion and Accelerated Franchising



**63** Net New Store Openings in Q3'23

**18** Net Company-owned Store Openings

**45** Net Franchised Store Openings



1st Store in **Yibin (宜宾)** Opening Day  
RMB97K sales



1st Store in **Handan (邯郸)** Opening Day  
RMB93K sales



1st Store in **Lanzhou (兰州)** Opening Day  
RMB92K sales

# Tims Express: Adding Shanghai Metro as a New Partner



**“Tims Express” in Beijing  
with Easy Joy**



**“Tims Express” in Chengdu  
with Century 21**



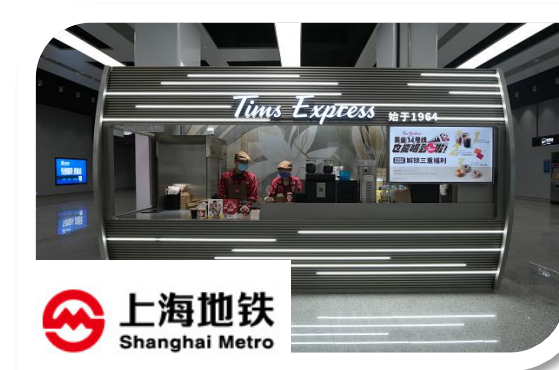
**“Tims Express” in Hangzhou  
Courtyard by Marriott with Ling Ka**



**“Tims Express” in Shanghai  
with Haier Sanyiniao**



**“Tims Express” in Subway  
Station with Shanghai Metro**

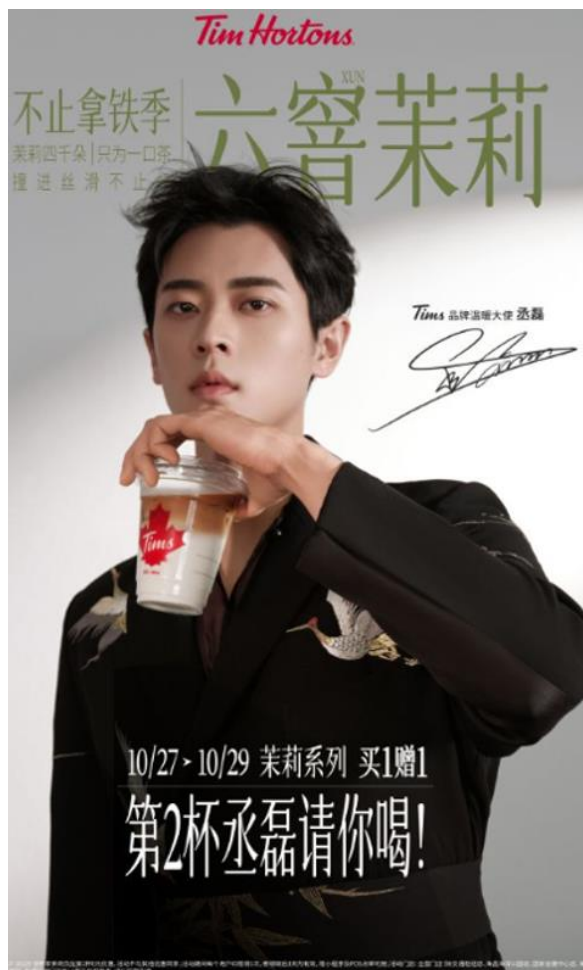


- › Sinopec’s Easy Joy is China's largest convenience store chain with more than 27,800 stores nationwide
- › Century 21 is a large real estate agency with more than 10,000 locations nationwide
- › Ling Ka is an affiliate of a real estate developer and hotel operator
- › Haier Sanyiniao operates over 1,000 home appliance retail stores nationwide

# Continuous Product Innovation that Satisfies Local Tastes



### Jasmine Tea Latte



### Peach Flavored Buffalo Milk Latte



### Fresh-brewed Coffee with Bamboo Flavor



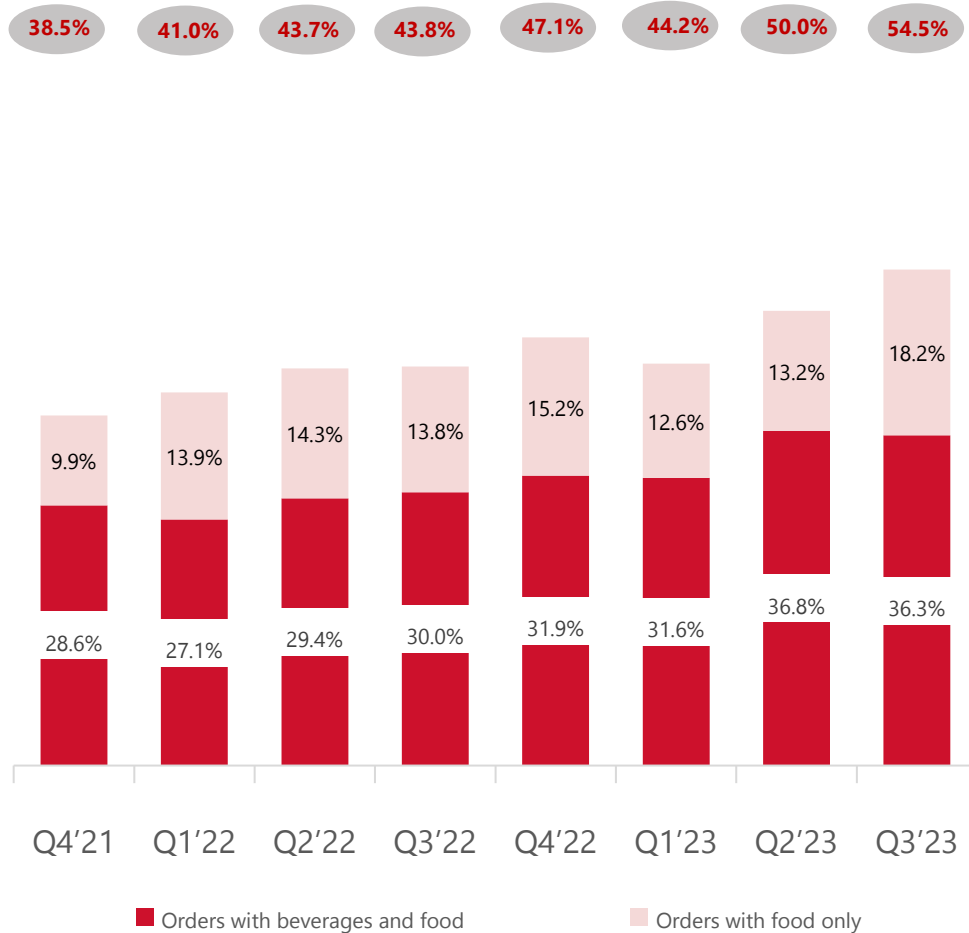
### Blueberry and Peach Flavor Smile Bagel



# A Unique and Differentiated Value Proposition: "Coffee Plus"



## Percentage of orders with food



## Signature combos and bagel sandwiches

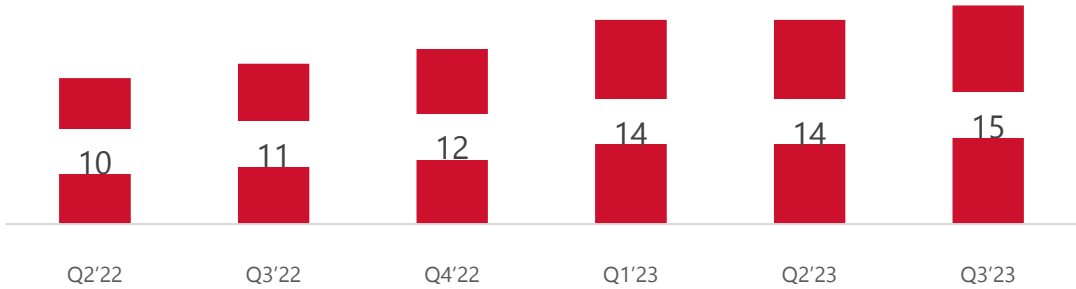




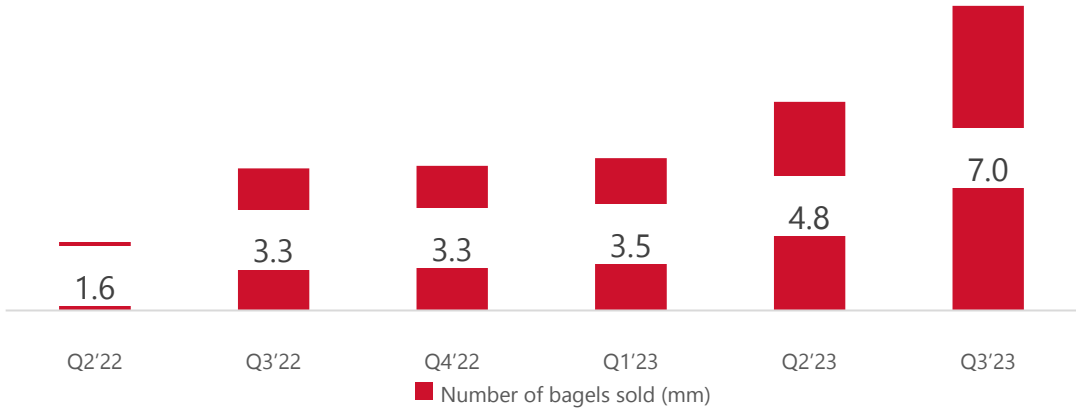
# Bagel Products Continue to Add More Sales to Stores



Bagel SKUs



Number of bagels sold



Market champion for bagel festival

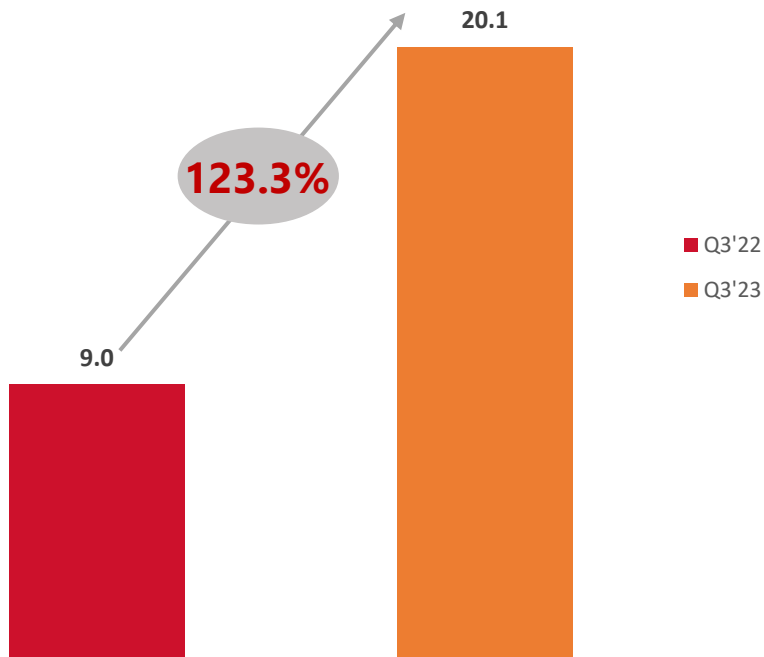


Coffee & bagel combo for **RMB19.9**  
 Coffee & bagel sandwich combo for **RMB29.9**

# E-commerce Growth and New Retail Channel Expansion



Revenues from e-commerce and retail sales



(RMB mm)

Out-of-store coffee products



Retail products



# Building Community and Gaining Attention from the Younger Group



## Special Offers during Chinese Valentine's Day

Tim Hortons 流浪动物救助机构 someone | 讨鬼狗

喝杯冷萃参与公益！把狗粮撒在对的地方

清醒 甘蔗马蹄水 中杯/12oz ¥19

爆打柠檬冷萃 中杯/12oz ¥25

尴尬 夹心华夫 肉松味 ¥14

尴尬 夹心华夫 双重椰味 ¥14

清醒 甘蔗冷萃 中杯/12oz ¥26

小字说明：1. 参与本活动需于2月14日当天... 2. 参与本活动需于2月14日当天... 3. 参与本活动需于2月14日当天... 4. 参与本活动需于2月14日当天...

## Co-branding with a local animation studio

Tim Hortons x 上海美影

联名 大圣的桃套餐

赠 大圣的桃托特包

享 8折 优惠

31.2元起 选购1杯指定饮品+1份指定食品

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## Tims x Envy Apple

不止拿苹果！不止苹果！立刻拿苹果

还赠限定款主题杯套一份 全国限量80000份，先买先得，赠完即止

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## Co-branding with local artists

Tim Hortons 佳绿猫

Tim携手佳绿猫 帮你一脚踢走上班焦虑 送你快乐「不止」拿铁

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# Popeyes® – YTD Opened 7 Stores at Premium Locations



## Opening plan

- Launched a flagship store on August 19<sup>th</sup>
- As of September 30<sup>th</sup>, there were 4 company-owned Popeyes stores
- On track to own 10 stores by the end of this year



## Operating highlight

- Loyalty members reached 31+ thousands as of September 30<sup>th</sup>
- More than 90% of dine-in customers are Popeyes' members
- Achieved average daily sales of more than RMB29 thousands YTD





# 02. Financial Highlights

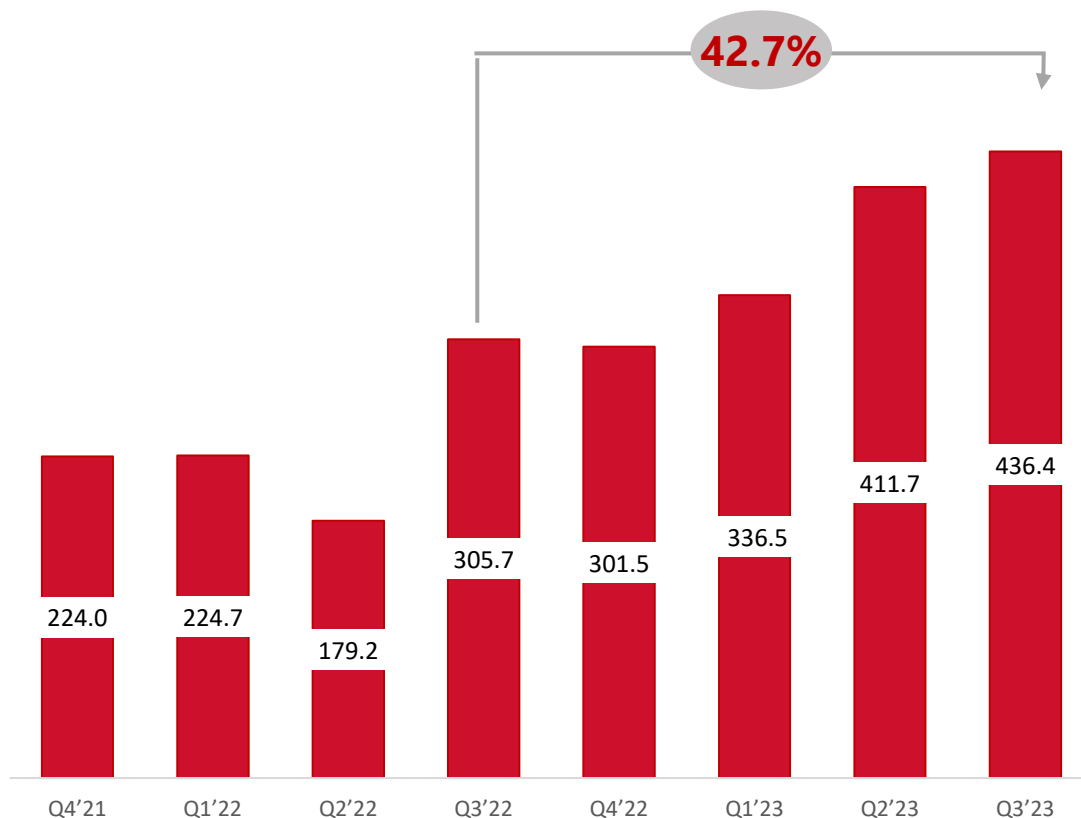
Albert Li, CFO



# Record Top-line Driven by Net New Store Openings

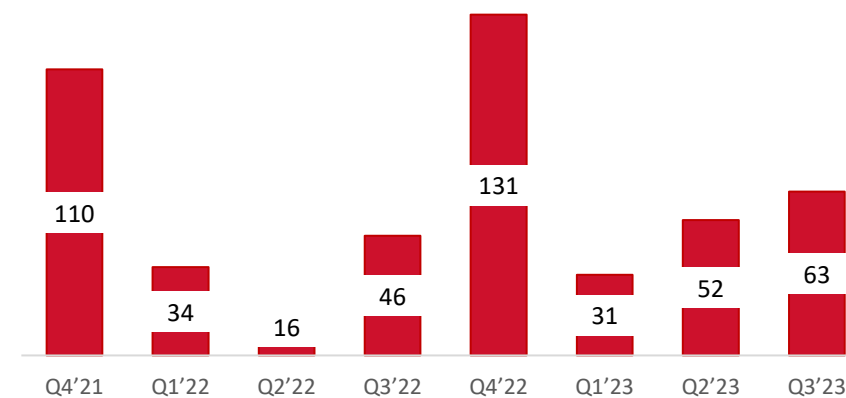


### Total Revenues (mm)

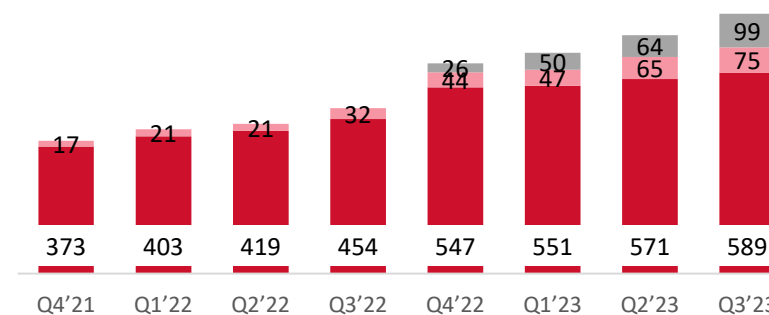


(2)

### Net New Store Openings



### System-wide Stores



■ Company owned and operated ■ Franchised ■ Tims Express (Franchised)

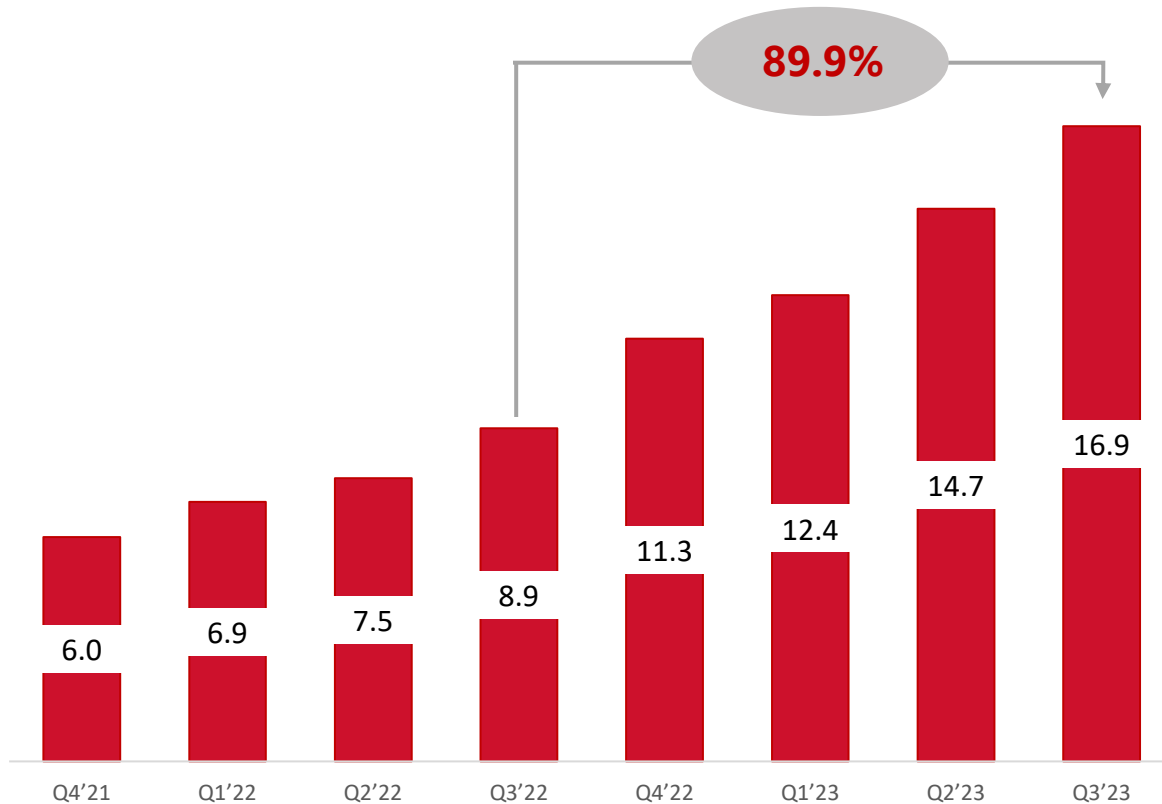
(1) The percentage change in the sales of company owned and operated stores that have been operating for 12 months or longer during a certain period compared to the same period from the prior year. The same-store sales growth for any period of more than a month equals to the arithmetic average of the 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

(2) In light of the significant impact of COVID-related lock-downs in April and May 2022, sales of some Shanghai-based company owned and operated stores have been excluded.

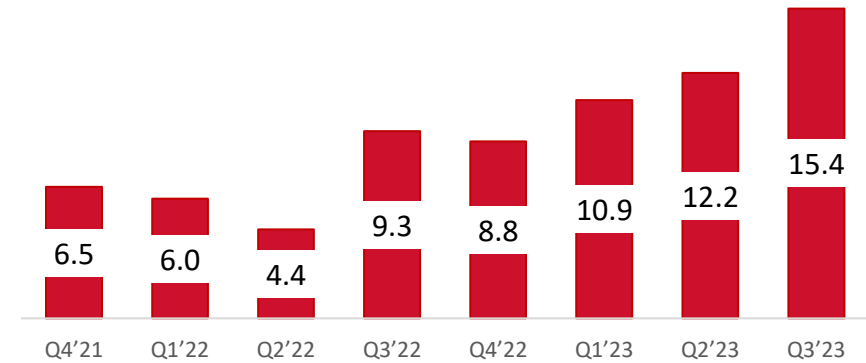
# Growing Number of Loyalty Club Members and Digital Orders



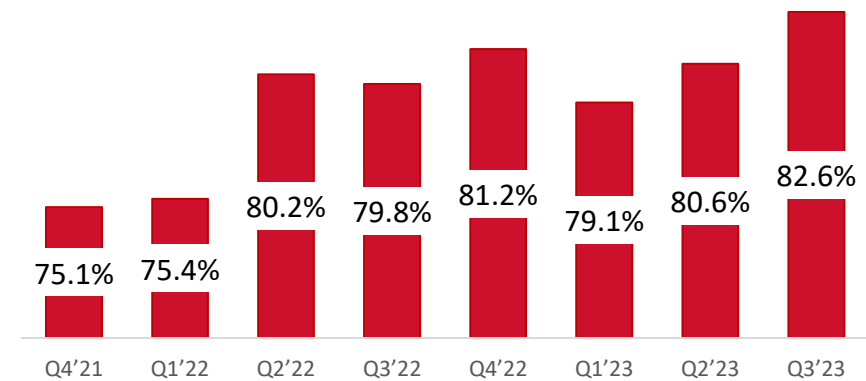
**Registered Loyalty Club Members (mm)**



**Number of Orders (mm) <sup>(1)</sup>**



**Digital Orders% <sup>(2)</sup>**



<sup>(1)</sup> Number of orders for company owned and operated stores

<sup>(2)</sup> 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

# Continuous Efforts to Improve Cost Structure: Q3'23 Adj. Store EBITDA Margin Improved by 2.2 ppt



	Q3			YOY (23 vs. 22)
	2021	2022	2023	
Food and packaging <sup>(1)</sup>	34.3%	33.3%	35.2%	↑177bp
Rental and property management fee <sup>(1)</sup>	30.4%	15.6%	19.8%	↑420bp
Payroll and employee benefits <sup>(1)</sup>	32.1%	22.8%	20.3%	↓250bp
Adjusted store EBITDA margin <sup>(1) (2)</sup>	3.0%	5.3%	7.5%	↑220bp
Marketing expenses <sup>(3)</sup>	8.0%	8.1%	7.9%	↓20bp
Adjusted General and administrative expenses <sup>(3) (4)</sup>	27.1%	15.8%	14.5%	↓130bp

(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



# Near-Term Financial Priorities



**Improve Adjusted Corporate EBITDA Margins<sup>(1)</sup>**

**Optimize Cost Structure**

**Deliver Efficient Revenue Growth**

**Expand Store-Level Profitability**

**Achieve Greater Economies of Scale**

<sup>(1)</sup> 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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