



# Tim Hortons China

Nasdaq: THCH  
Q4 2022 and FY 2022 Earnings Presentation

April 6<sup>th</sup>, 2023

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## Non-GAAP Financial Measures

THIL uses non-GAAP financial measures, such as adjusted store EBITDA margin and adjusted general and administrative expenses in evaluating its operating results and for financial and operational decision-making purposes. THIL defines (i) adjusted store EBITDA margin as adjusted store EBITDA, which stands for fully-burdened gross profit of company owned and operated stores excluding depreciation and amortization and store pre-opening expenses, as a percentage of revenues from company owned and operated stores; and (ii) adjusted general and administrative expenses excluding (a) share-based compensation expenses, (b) expenses related to the issuance of ordinary shares worth of \$3.0 million (the "Commitment Shares") to CF Principal Investments LLC as consideration for its irrevocable commitment to purchase THIL's ordinary shares pursuant to the terms of an Ordinary Share Purchase Agreement dated March 11, 2022, as amended, (c) offering costs related to an Equity Support Agreement ("ESA") dated March 8, 2022, as amended (the "ESA Offering Costs") and (d) expenses in relation to an option granted by our controlling shareholder to a holder of our convertible notes for the notes holder to purchase 200,000 of our ordinary shares from the controlling shareholder pursuant to the terms of an Option Agreement dated September 28, 2022 (the "Option Shares"). THIL believes adjusted store EBITDA margin and adjusted general and administrative expenses 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. THIL 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 THIL's performance. For reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures, please see the tables below. THIL encourages investors and others to review its financial information in its entirety and not rely on any single financial measure.

- Adjusted store EBITDA. Calculated as fully-burdened gross profit of company owned and operated stores excluding depreciation and amortization, and store pre-opening expenses.
- Adjusted store EBITDA margin. Calculated as adjusted store EBITDA as a percentage of revenues from company owned and operated stores.
- 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.

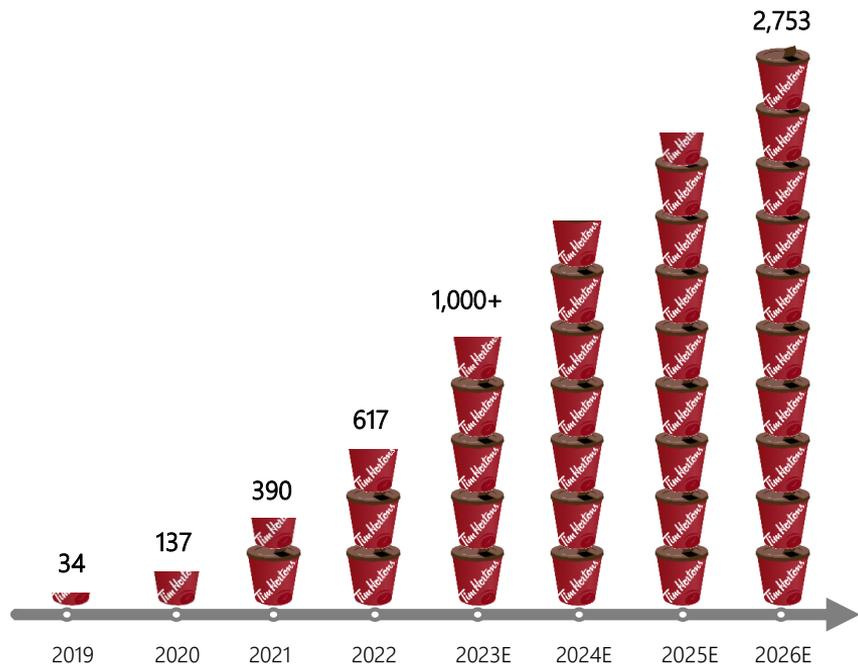


01. Business Update  
Yongchen Lu, CEO & Director

# Our Vision: 2,750+ Profitable Stores by 2026



## Systemwide Stores in China



**#1**

*Fastest growing coffee market globally<sup>(1)</sup>*



**19x**

*Team with proven record of growth<sup>(2)</sup>*



**11.3MM**

*Loyalty club membership growing 88% y-o-y<sup>(3)</sup>*



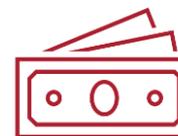
**17.1%**

*Same-store sales growth (Feb 2023)*



**80%+**

*Digital ordering<sup>(4)</sup>*



**¥\$**

*Store-level profitable<sup>(5)</sup>*

Notes: Projected figures based on Tims management estimates

(1) Source: "Global Market Trajectory & Analytics," Research and Markets (2020)

(2) Management & sponsor led Burger King China's expansion from ~60 to 1,200+ stores

(3) December 31, 2022

(4) Q4 2022

(5) Based on fully burdened gross profit, excluding D&A and store pre-opening costs

**IMPORTANT REMINDER:** All information, including any forward-looking statement, should be considered in light of and subject to "Disclaimer and Risk Factors"

- ▶ Tims China is a more resilient and sustainable business than ever, having adapted and grown through three years of COVID and its related effects
- ▶ Significant COVID-related restrictions in 2022 distorted our results and impacted our business broadly
  - December had a peak of 294 stores temporarily closed or with limited services
- ▶ Despite these headwind, 2022 marked a year of significant growth and laid a foundation for the future
  - Exceeded RMB 1 billion in revenue
  - Reached 617 stores across 39 cities – 131 net openings in Q4'22 alone
  - Maintained profitability on adjusted EBITDA basis in Q3'22 and Q4'22
  - Grew loyalty program to 11.3 million members – up 88.5% from 2021
  - Accelerated innovation, particularly in product development: Launched 71 new products
  - Acquired iconic Popeyes chicken brand, leveraging our proven platform & providing an additional avenue for growth

# Strong Top Line, Store Development, and Loyalty Membership Growth



	Q4'21	Q4'22	YoY %	FY'21	FY'22	YoY %
Total stores	390	617	58.2%	390	617	58.2%
Net new stores <sup>(1)</sup>	110	131	-	253	227	-
Registered Loyalty club members (mm)	6.0	11.3	88.5%	6.0	11.3	88.5%
Digital orders % <sup>(2)</sup>	75.1%	81.2%	6.1ppts.	73.0%	80.1%	7.1ppts
Total revenues (RMBmm)	224.0	301.5	34.6%	643.4	1,011.1	57.2%
Revenues from company-owned stores (RMBmm)	213.7	272.5	27.5%	617.2	938.1	52.0%

(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

# Continuous Innovation and Localized Products



Mulled wine flavor brewed coffee



Salted egg yolk wrap and condensed milk latte



Three flavors of pizza and sausage



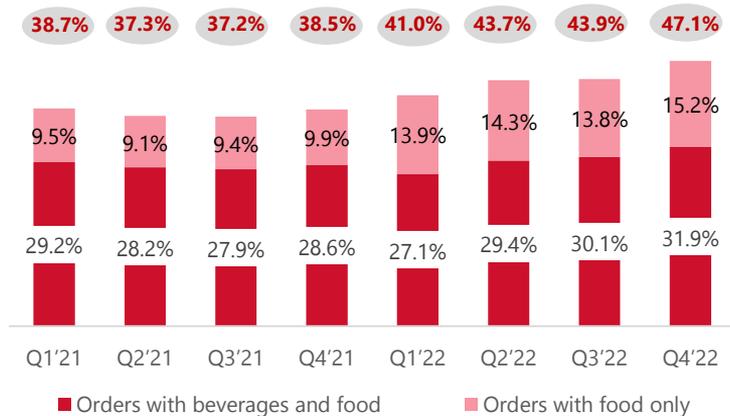
Almond milk latte & flat white



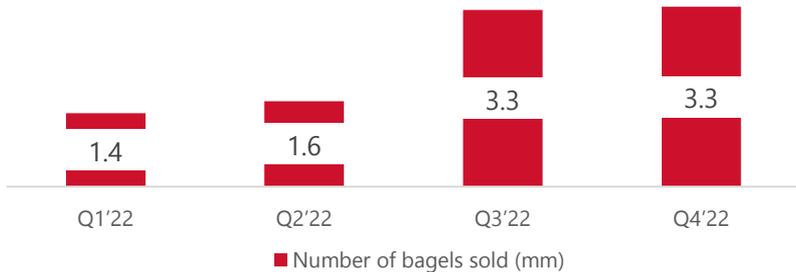


# A Unique Value Proposition: "Coffee Plus"

## The percentage of orders with food continued to grow



## Increasing popularity on Tims signature bagel products



## Bagel selection

- 马兰头贝果**  
 时令首选  
 贝果中加入芥菜、马兰头、竹笋、的椒盐调味，充满满满的田园风味  
**¥15**
- 肉桂提子贝果**  
 高回购  
 肉桂提子贝果，水煮工艺，好吃劲，元气美味  
**¥15**
- 全麦贝果**  
 杂粮和多种籽类  
 全麦贝果，水煮工艺，撒上黑白等，满足每日营养所需  
**¥15**
- 葱葱贝果**  
 咸香口味 | 香脆的红葱酥  
 柔软有嚼劲贝果中恰好的融入了熟悉又迷人，咸香贝果  
**¥15**

## Tims signature combos

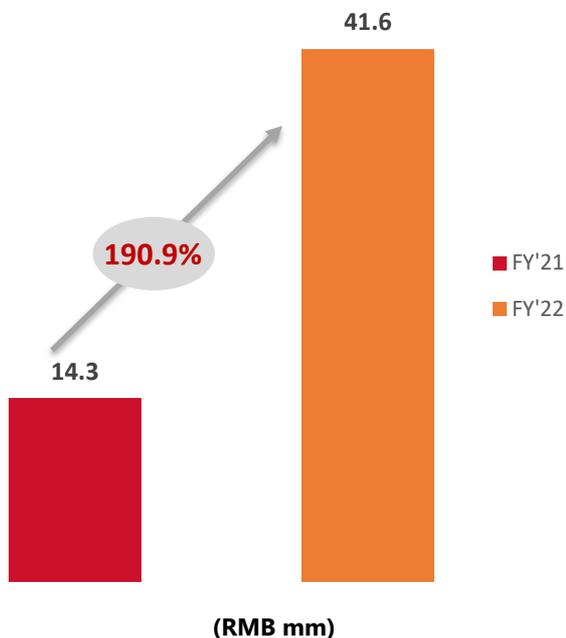
超值套餐

- 贝果三明治超值餐**  
 76折起  
**¥25.9起**
- 暖食卷超值套餐**  
 78折起  
**¥25.9起**
- 披萨超值套餐**  
 75折起  
**¥29.9起**

# Growing E-commerce and Opening New Retail Channels



## Revenues from e-commerce sales



## Co-branded coffee products



Tims & Easy Joy RTD coffee



Tims & Freshippo (HEMA) RTD coffee and ice cream

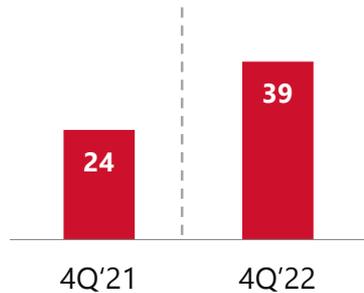
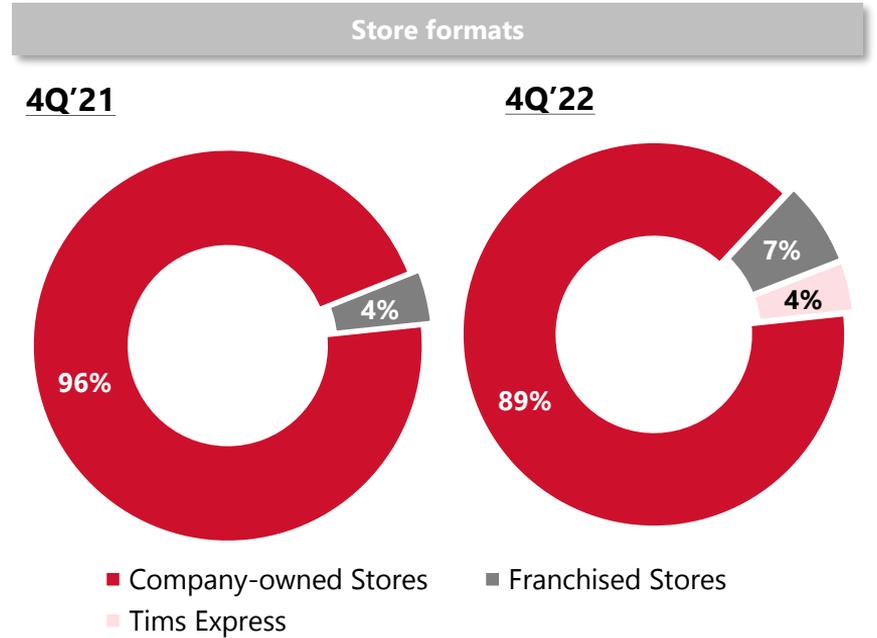


## At-home coffee products



Freeze-dried coffee

# 227 Net Stores Opened; Entered 15 New Cities in 2022



**+15** ↑  
**New Cities**

## 227 Net New Store Openings in 2022:

**174** Company-owned Store Openings

**70** Franchised Store Openings (including **26** Tims Express)

# Selection of New City Entries in 2022



## 1<sup>st</sup> store in Shaoxing (绍兴)



RMB**100** thousand sales and **939** customers on the opening day

## 1<sup>st</sup> store in Zhuhai (珠海)



RMB**90** thousand sales and **1,244** customers on the opening day

## 1<sup>st</sup> store in Jinan (济南)



RMB**126** thousand sales and **1,005** customers on the opening day

# Tims Express: Incremental Growth with Institutional Partners



## “Tims Express” in Beijing with Easy Joy



## “Tims Express” in Chengdu with Century 21



- On August 1, 2022, Tims China announced the opening of three Tims Express coffee shops with Sinopec Easy Joy
- As of December 31, 2022, Tims had 26 Tims Express stores in six cities – by the end of February 2023 the number reached 49
- In March 2023, Tims China formed a partnership with Century 21 to open more Tims Express stores



**Certified**



## Food safety

- Food safety is our top priority
- Investment of substantial resources to build robust, high quality, and local supply chain
- High standards from RBI always met

## Sustainability and waste reduction

- Eco-friendly packaging at our stores
- Customers incented to bring their own coffee cups
- Recycled coffee grounds used in multiple ways (e.g. store decoration and potted plants)
- Collaborations with organizations on positive social impact

## Zero-Covid control measures ended in December 2022

- ▶ Tims China has gradually resumed normal operations
  - ▶ Overall business environment and consumer sentiment have improved dramatically
  - ▶ In February 2023:
    - Same-store sales growth of 17.1%
    - Reached historic high of 2.3 million in transacting customers: 81.1% year-over-year growth from 1.3 million
- 
- ▶ Tims China is embarking on a new era of development, driving strong revenue growth, winning market share, and expanding margin

# Addition of Popeyes® Chicken Brand



## About Popeyes

- Iconic brand with 50-year history
- Distinctive menu with flavorful authentic food
- One of world's leading chicken QSR brands
- Over 4,100 locations globally

## Transaction

- Exclusive rights to develop in mainland China and Macau
- Transaction brings \$30 million in cash to Tims China and strengthens balance sheet
- \$60 million earmarked for Popeyes development over the coming years

- Both brands will benefit from greater scale, a stronger financial model, and synergies in supply chain and restaurant development





## 02. Financial Highlights

Albert Li, CFO

# Near-Term Financial Priorities



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



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## 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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