



Tim's China

Nasdaq: THCH

Q1 2023 Earnings Presentation

May 30th, 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 as 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 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, impairment losses of long-lived assets and loss on disposal of property and equipment.
- 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.



Tim Hortons



Tim Hortons



Tim Hortons



01. Business Update

Yongchen Lu, CEO & Director

Strong Top Line, Store Development and Loyalty Membership Growth

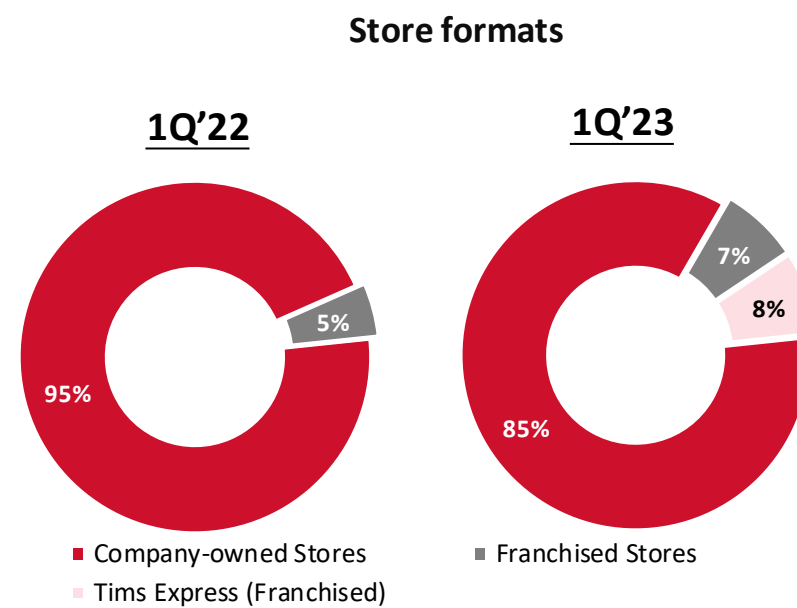
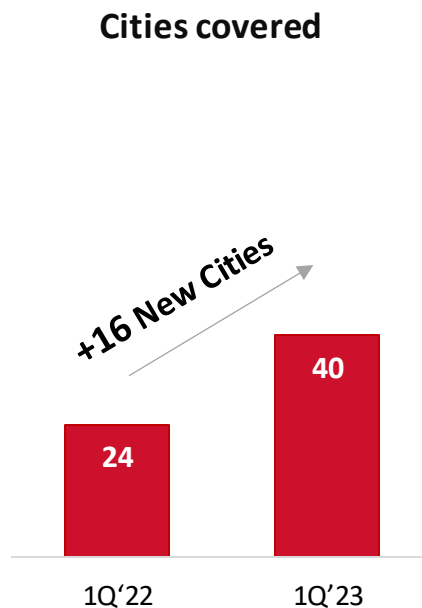
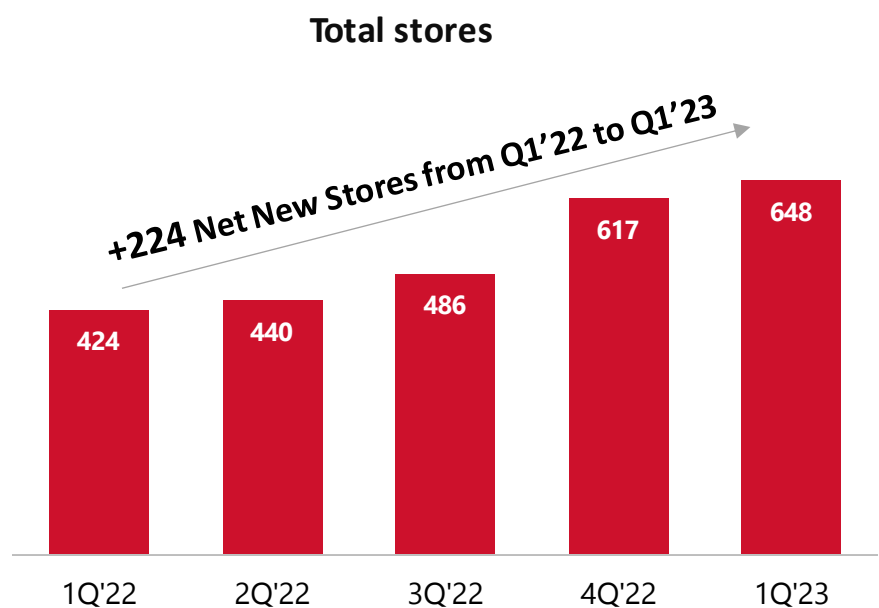


	Q1'22	Q1'23	YoY %
Total stores	424	648	52.8%
Net new stores ⁽¹⁾	34	31	-
Registered Loyalty club members (mm)	6.9	12.4	79.3%
Digital orders % ⁽²⁾	75.4%	79.1%	3.7ppts.
Total revenues (RMBmm)	224.7	336.5	49.8%
Revenues from company-owned stores (RMBmm)	211.0	310.5	47.1%

(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 Expansion of Stores and Accelerated Franchising



31 Net New Store Openings in Q1'23

4 Company-owned Store Openings

27 Franchised Store Openings (including **24** Tims Express)



1st store in Wenzhou (温州) Opening Day
RMB50K sales
6.5M media impressions



1st store in Zhongshan (中山) Opening Day
RMB84K sales
8.3M media impressions



1st store in Zhenjiang (镇江) Opening Day
RMB56K sales
4.5M media impressions

Tims Express: Innovative Format Accelerating Growth with Strong Partners



“Tims Express” in Beijing
with Easy Joy



“Tims Express” in Chengdu
with Century 21



“Tims Express” in Hangzhou
Courtyard hotel with Ling Ka



- ▶ In August 2022, Tims China announced the opening of three Tims Express coffee shops with Sinopec Easy Joy
- ▶ In March 2023, Tims China formed a partnership with Century 21 to open more Tims Express stores
- ▶ In May 2023, Tims China opened first store within a Courtyard hotel in Hangzhou through our partner Ling Ka
- ▶ As of March 31 2023, Tims had 50 franchised Tims Express stores

Continuous Innovation with Localized Products



Oreo, Banana and Matcha Waffle

Almond Milk Latte with Pork Floss Croissant

Our most popular Plant-Based Latte

Avocado with Coconut Cold Brew

Tims 华夫上新
比利时传统工艺·外酥里软

抹茶芝士华夫 ¥15

New! 奥利奥香蕉华夫 ¥15

满格芝士华夫 ¥14

活动时间: 3月13日至4月13日, 每日10:00-20:00。仅限中国大陆地区。详情请见店内。*部分门店可能不供应。*产品以实际为准。

[新品油条超值]套餐
19.9元起

New! 肉酥芝士油条

鲜萃奶咖

巴巨木烤乳拿铁

芝士油条

活动仅限每日10:00前

PLANT-BASED 植物当潮

生椰冷萃 ¥30

燕麦拿铁 ¥26

巴巨木烤乳拿铁澳白 ¥28/¥30

3.13-4.13 绿色减负价 中杯 19.9元

燕麦冷萃: 燕麦冷萃咖啡, 燕麦拿铁咖啡, 燕麦拿铁咖啡(中杯)。*部分门店可能不供应。*产品以实际为准。

「牛」犊不怕唬!

AVOCADO WITH COCONUT COLD BREW

牛油果生椰冷萃, 好喝靠谱, 不靠唬!

春天尝鲜价 中杯 19.9元

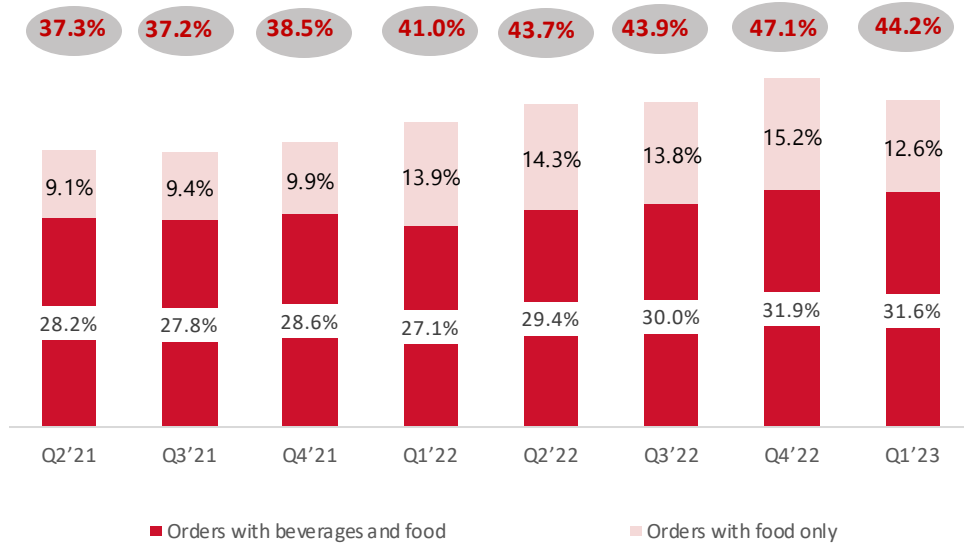
牌乎乎牛油果BABY 春日生椰冷萃好宝贝

活动时间: 3月13日至4月13日, 每日10:00-20:00。仅限中国大陆地区。详情请见店内。*部分门店可能不供应。*产品以实际为准。

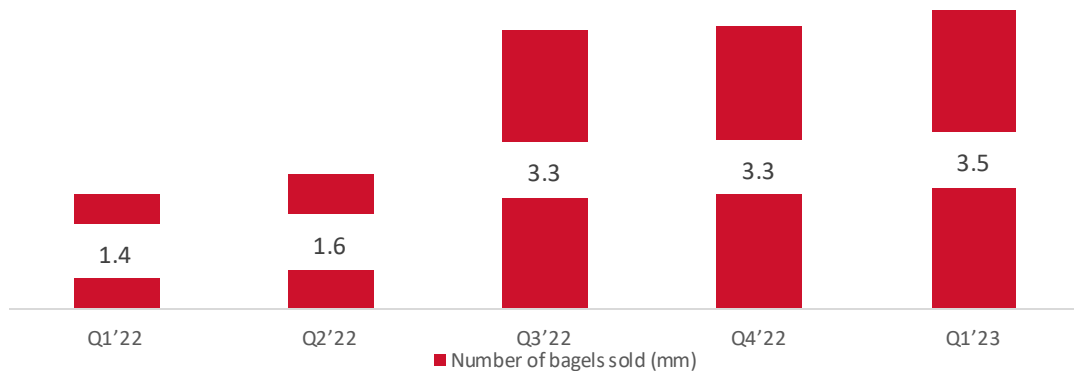
A Unique Value Proposition: "Coffee Plus"



Percentage of orders with food



Increasing popularity of Tims signature bagel products



Bagel selection

- 

川香牛肉嫩蛋贝果三...
四川辣味 | 午餐之选
麻辣风味的牛肉条, 配合嫩滑炒蛋和芝士片夹入杂粮贝果, 辛辣开胃
¥23
- 

黑松露风味鸡肉贝果...
鸡肉 | 补充蛋白质
多种菌菇和黑松露风味酱, 香嫩的鸡肉片和芝士片, 营养美味
¥22
- 

烤牛肉贝果三明治
牛肉饼 | 鸡肉 | 补充蛋白质
美味牛肉饼搭配德式混合培银酸椰菜, 更有美味鸡肉, 带来双重美味享受
¥25
- 

无肉也欢火腿蛋贝果...
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
¥19

Tims signature combos

- 

贝果三明治超值餐
76折起
¥25.9起
- 

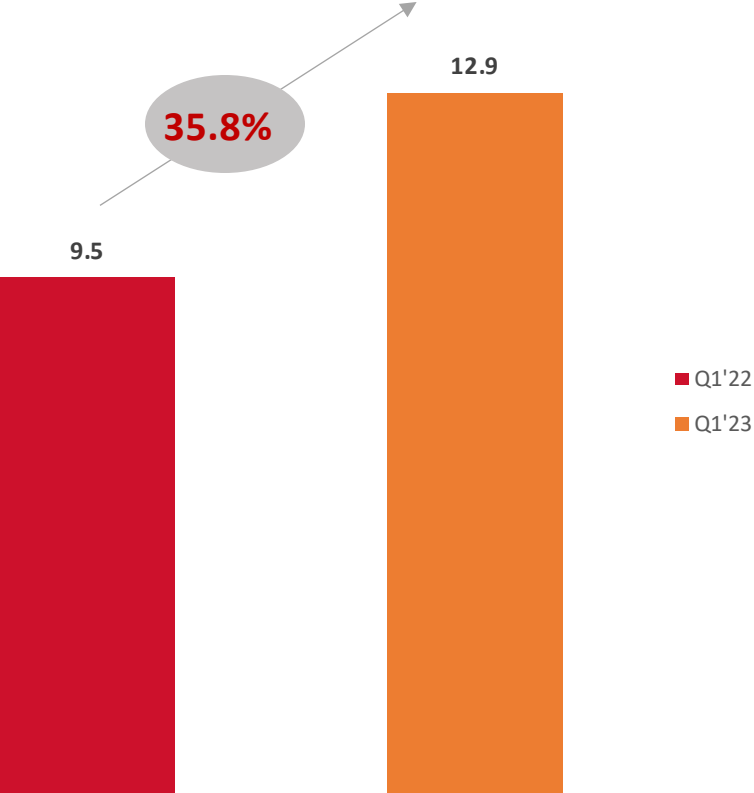
暖食卷超值套餐
78折起
¥25.9起
- 

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



(RMB mm)

Co-branded coffee products



Tims & Oatly ready-to-drink (RTD) coffee partnership

At-home coffee products



Liquid coffee and freeze-dried coffee

Addition of Popeyes® Chicken Brand

POPEYES



About Popeyes

- Iconic brand with 50-year history
- Distinctive menu with flavorful authentic food
- One of the 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

Opening plan

- Planning to open approximately 10 Popeyes restaurants in China in 2023
- Expecting to open the first in 3Q'23





Tim Hortons



Tim Hortons



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02. Financial Highlights

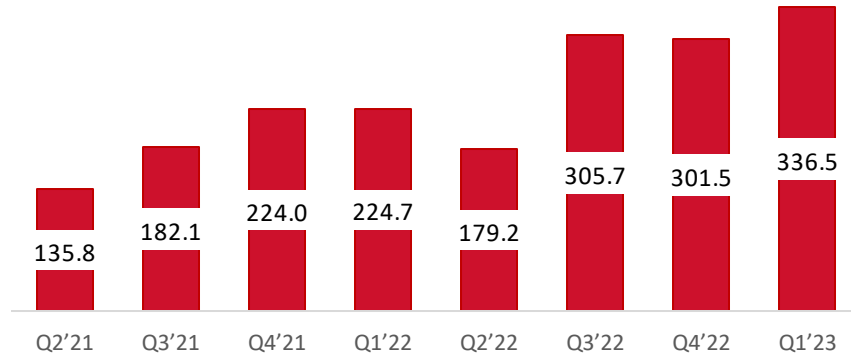
Albert Li, CFO



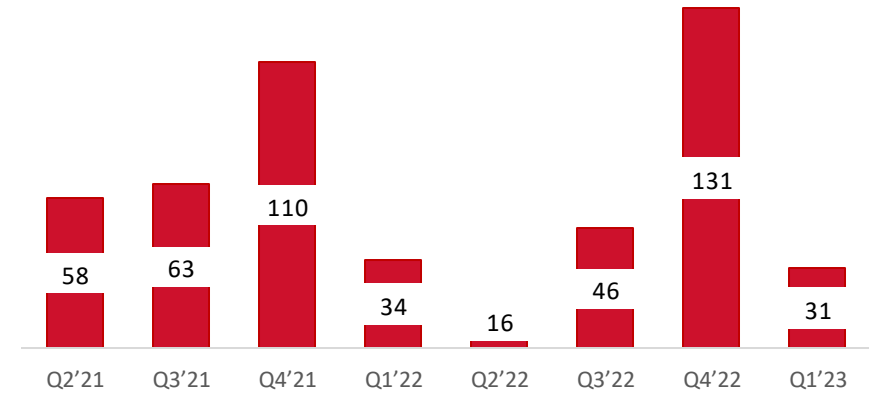
Top-line Driven by Net New Stores and Same-store Sales Growth



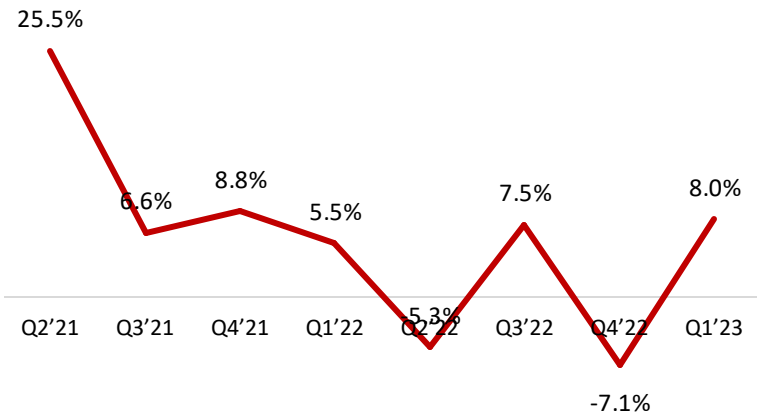
Total Revenues (mm)



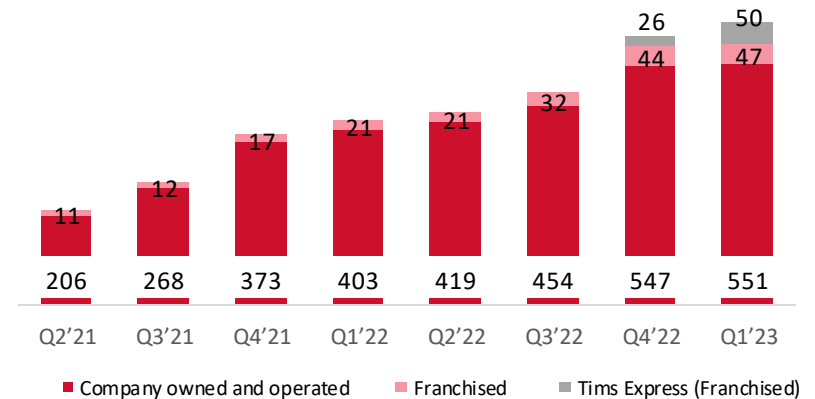
Net New Store Openings



Same-store Sales Growth for Company owned and operated stores ⁽¹⁾



System-wide Stores

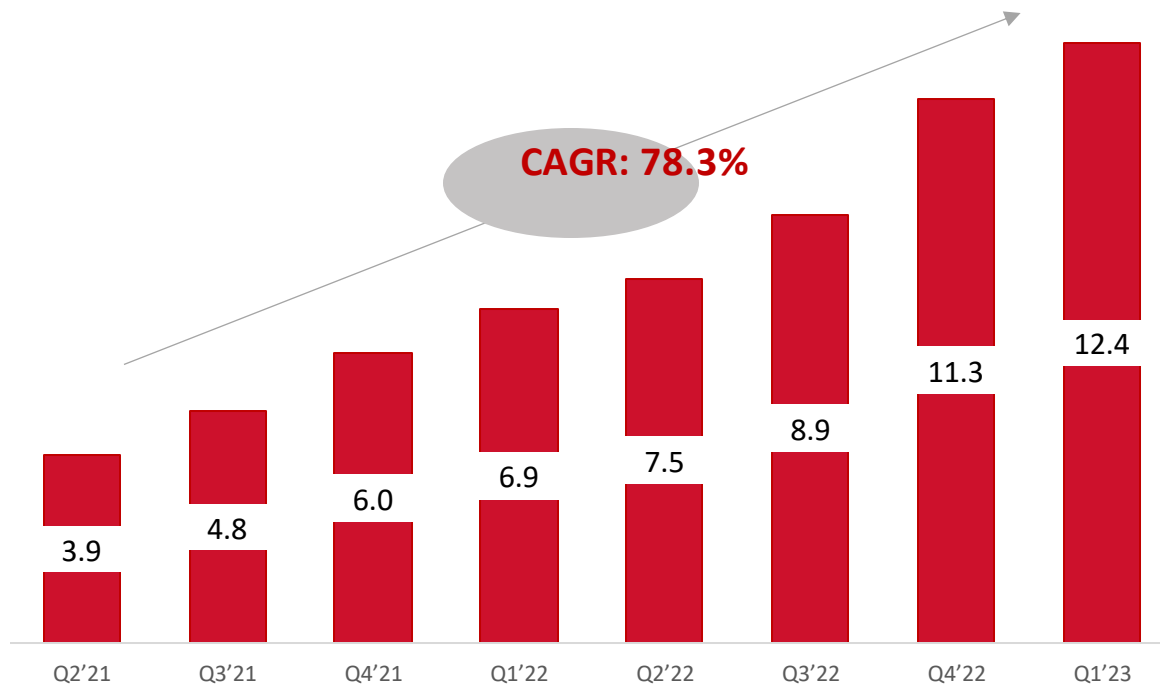


(1) The percentage change in the sales of company owned and operated stores that have been operating for 12 months or longer during a certain period compared to the same period from the prior year. The same-store sales growth for any period of more than a month equals to the arithmetic average of the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

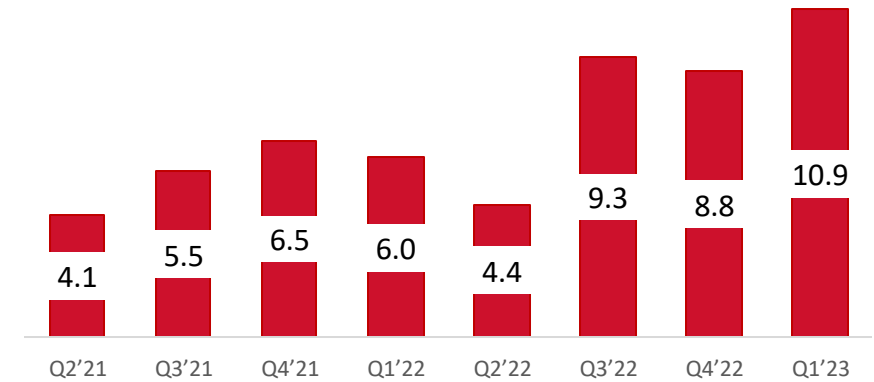
Growing Loyalty Club Members and Digital Orders



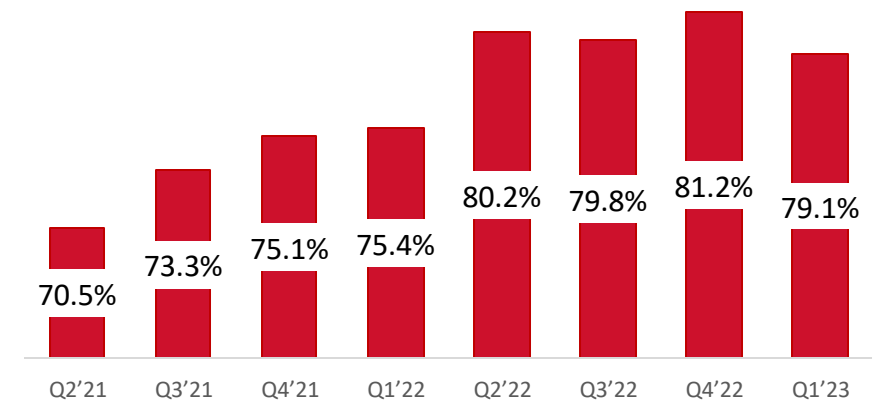
Registered Loyalty Club Members (mm)



Number of Orders (mm) ⁽¹⁾



Digital Orders% ⁽²⁾



⁽¹⁾ Number of orders for company owned and operated stores

⁽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 Efforts to Improve Cost Structure: Q1'23 Adj. Store EBITDA Margin Improved by 13.8 ppts.



	Q1			YOY
	2021	2022	2023	
Food and packaging ⁽¹⁾	32.7%	33.0%	35.9%	
Rental and property management fee ⁽¹⁾	27.3%	27.7%	23.0%	↓ 470bp
Payroll and employee benefits ⁽¹⁾	35.8%	34.0%	23.5%	↓ 1050bp
Adjusted store EBITDA margin ^{(1) (2)}	-1.8%	-11.9%	1.9%	+1380bp
Marketing expenses ⁽³⁾	8.0%	5.7%	5.4%	↓ 30bp
Adjusted General and administrative expenses ^{(3) (4)}	28.3%	22.5%	20.0%	↓ 250bp

(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, the most comparable GAAP measure to adjusted store EBITDA, excluding depreciation & 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⁽¹⁾**
- **Optimize Cost Structure**
- **Deliver Sustainable Revenue Growth**
- **Expand Store-Level Profitability**
- **Achieve Greater Economies of Scale**

⁽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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Q&A