



Tim's China

Nasdaq: THCH

Q2 2023 Earnings Presentation

August 29th, 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



	Q2'22	Q2'23	YoY %
Total stores	440	700	59.1%
Net new stores ⁽¹⁾	16	52	225.0%
Registered Loyalty club members (mm)	7.5	14.7	95.4%
Digital orders % ⁽²⁾	80.2%	80.6%	40bps
Total revenues (RMBmm)	179.2	411.7	129.7%
Revenues from company-owned stores (RMBmm)	164.5	362.6	120.4%

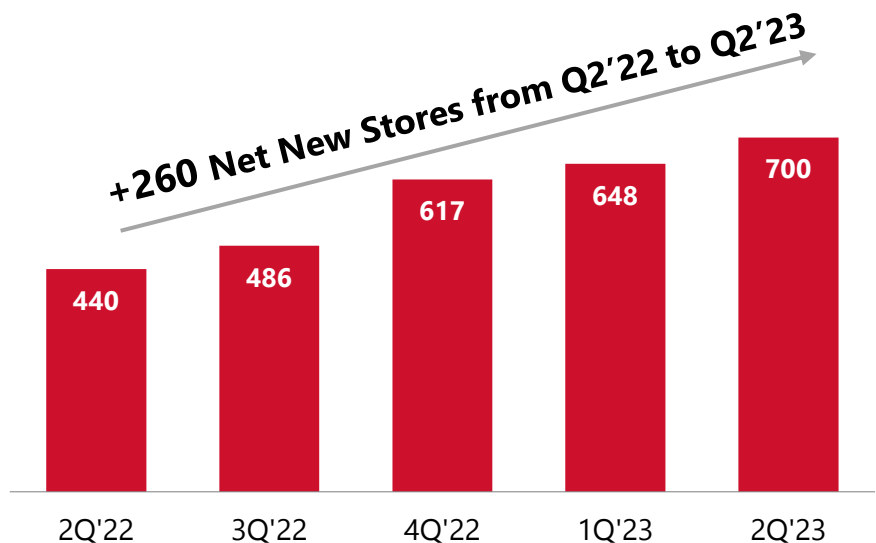
(1) The number of gross new stores opened during the period minus the number of stores permanently closed during the period.

(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



Total stores

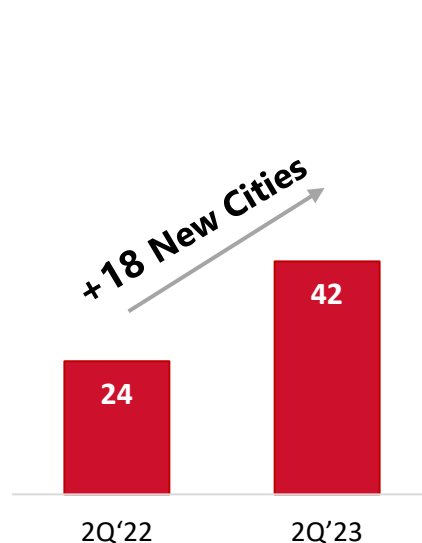


52 Net New Store Openings in Q2'23



1st Store in Shenyang (沈阳) Opening Day
RMB163K sales
132M total media impressions

Market entry

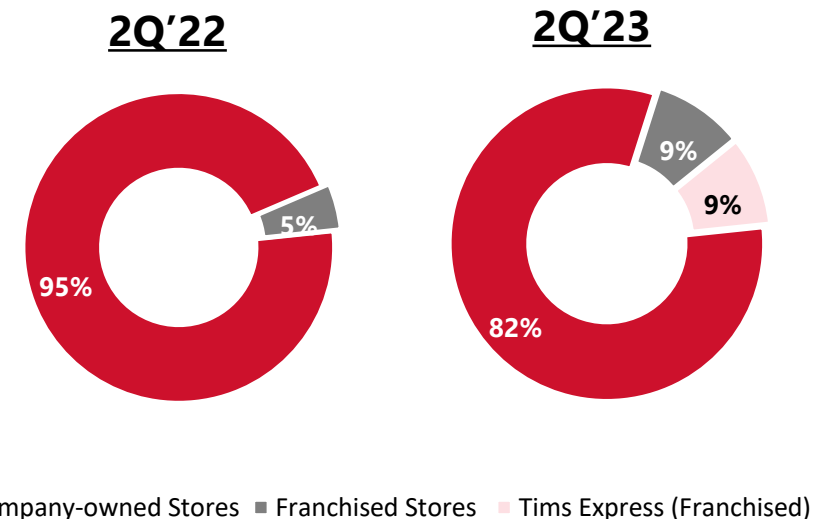


20 Net Company-owned Store Openings

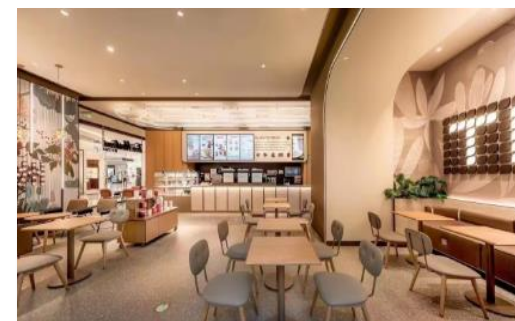


1st Store in Yantai (烟台) Opening Day
RMB204K sales
102M total media impressions

Store formats



32 Net Franchised Store Openings



1st Store in Changzhou (常州) Opening Day
RMB68K sales
4M total 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 by Marriott with Ling
Ka**



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



- 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



Watermelon Cold Brew



Grape Cold Brew and Grape Iced Capp



Watermelon Coconut Water



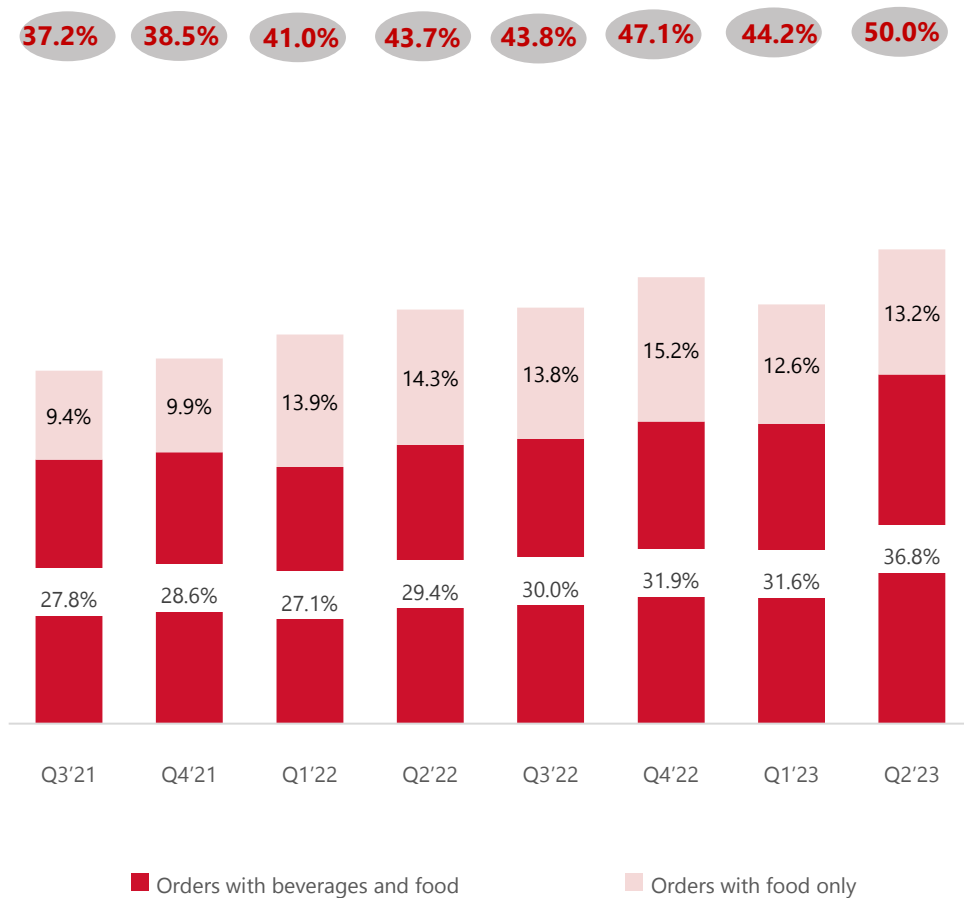
Cinnamon Roll



A Unique and Differentiated Value Proposition: "Coffee Plus"



Percentage of orders with food



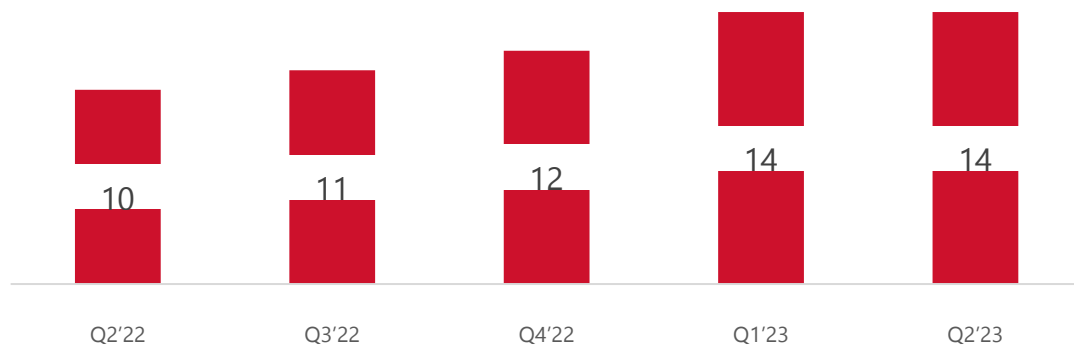
Tims signature combos



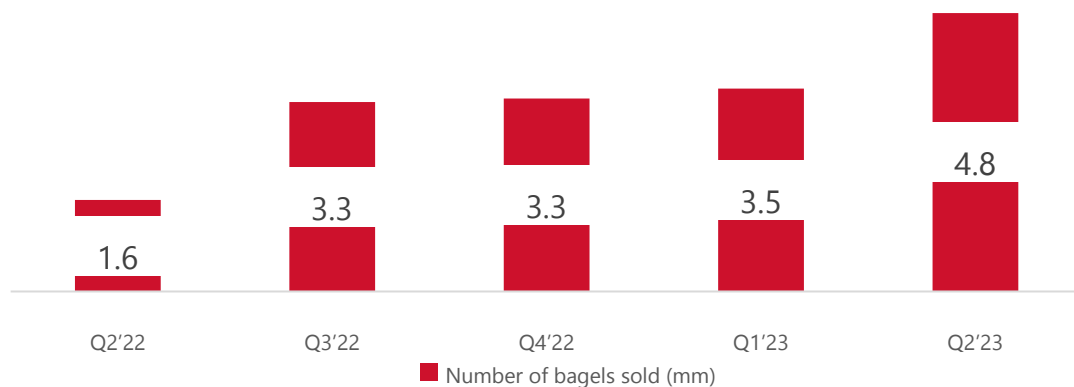
Increasing Popularity of Bagel Products



Bagel SKUs



Number of bagels sold



■ Number of bagels sold (mm)

Bagel selection

黑麦坚果多多贝果
酥香坚果 酸甜果干 外脆里韧
 酥脆外皮，酥香坚果与酸甜果干在内，真材实料，层次丰富
¥15
 预估券后价 ¥12

黑芝麻贝果
富含膳食纤维 黑芝麻夹心 香甜
 加入黑芝麻、黑麦片等5种黑色贝果，内含黑芝麻夹心
¥15
 预估券后价 ¥12

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
 预估券后价 ¥12

全麦贝果
杂粮和多种籽类

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，香嫩的黑椒鸡肉片和芝士片，营养美味
¥22

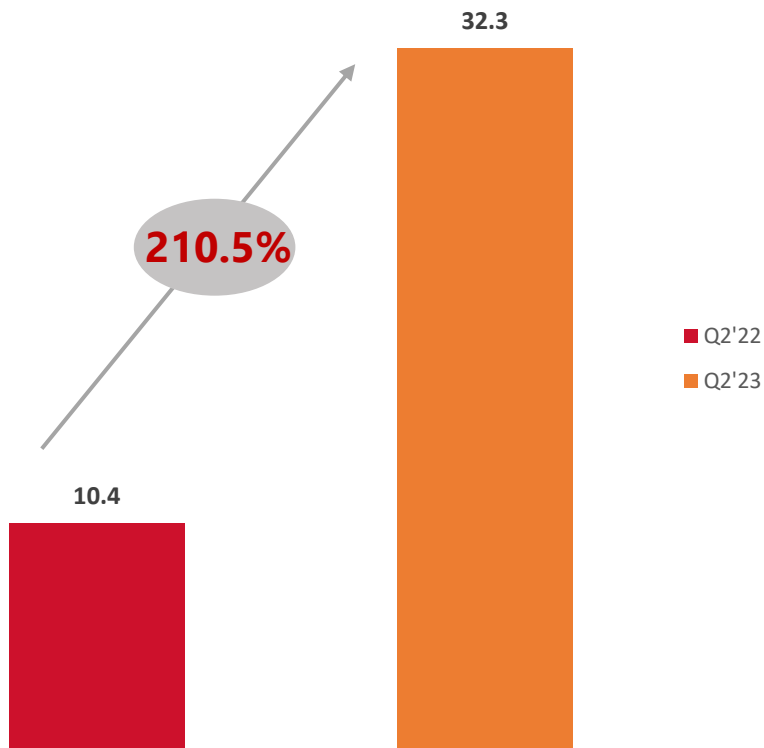
烤牛肉贝果三明治
牛肉饼 鸡肉 补充蛋白质
 美味牛肉饼搭配德式混合培根酸椰菜，更有美味鸡肉，带来双重美味享受
¥25

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

E-commerce Growth and New Retail Channel Expansion



Revenues from e-commerce and retail sales



(RMB mm)

Co-branded coffee products



Tims & A2 Milk partnership

Out-of-store coffee products



Liquid coffee and freeze-dried coffee

E-commerce Growth and New Retail Channel Expansion



Special products for the Dragon Boat Festival

啡粽莫属

520 甜蜜下午茶

BOO & (好运) DRAGON BOAT FESTIVAL COFFEE X ZONGZI 啡粽莫属

BOOM & (好运击粽) Tim Hortons try my best

礼盒包含:

- 诺老大真空经典洗沙粽100G*2只
- 诺老大真空蜜香糯猪肉粽100克*2只
- 诺老大真空蜜黄糯猪肉粽100克*2只
- Tim's Oatly冷萃风味燕麦拿铁250ml*1瓶
- Tim's Oatly桂花风味燕麦拿铁250ml*1瓶
- Tim's小甜圈混合口味冻干咖啡糖2*12颗

Tim Hortons

618 sales champion

Tim Hortons × 天猫618

618夏日新品上市 活力大咖

活动时间:2023.06.04 00:00-2023.06.06 23:59

新品上市

全场商品 **满300减100**

Tim Hortons

Mid-year sales champion

Tim Hortons × 天猫618

年中狂欢 无咖不欢

全场满300减100

小甜圈冻干即溶咖啡 固体饮料

COCONUT FLAVOR 风味咖啡糖

预售价定金结束

2023.06.04 00:00

2023.06.04 00:00

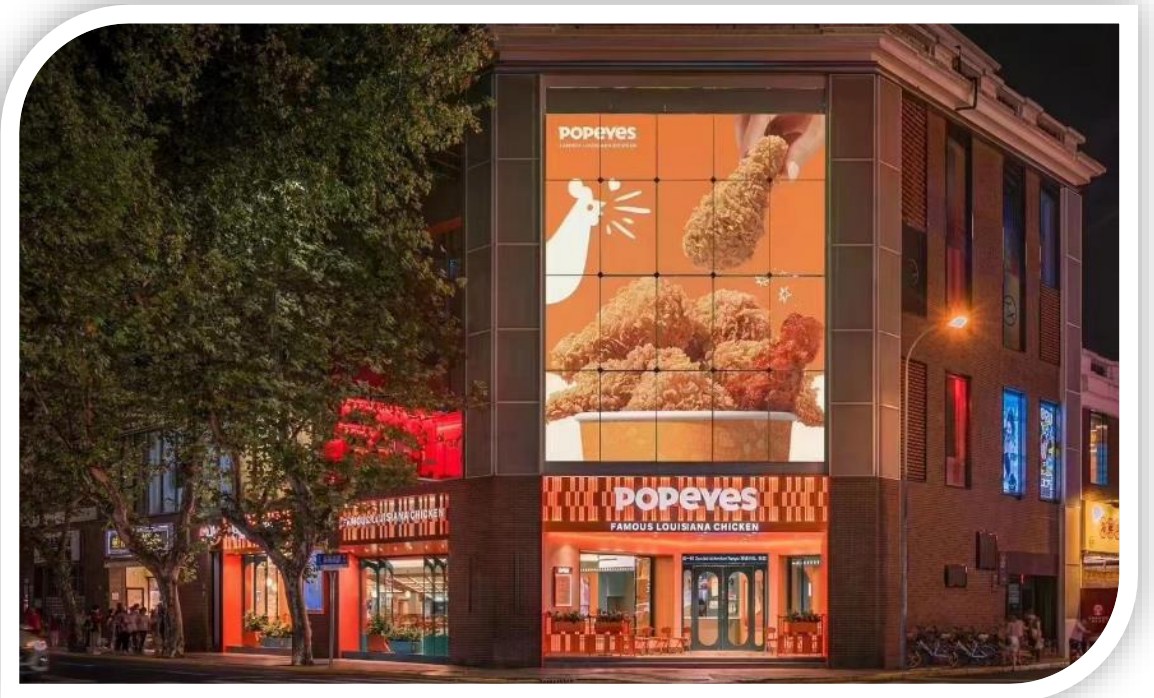
Launched Nationwide Expansion of the Popeyes® Chicken Brand



Opening plan

- Launched our flagship store for the Popeyes brand in Shanghai by offering customers a fresh and improved experience
- Renewed market positioning, menu, and store design
- Planning to open approximately 10 Popeyes restaurants in the coming quarter

POPEYES®



Launched Nationwide Expansion of the Popeyes® Chicken Brand



Opened 1st Popeyes flagship store on August 19th

- **RMB142K** sales on opening day
- **Record-setting 1760+** transactions
- **110M** media impressions





02. Financial Highlights

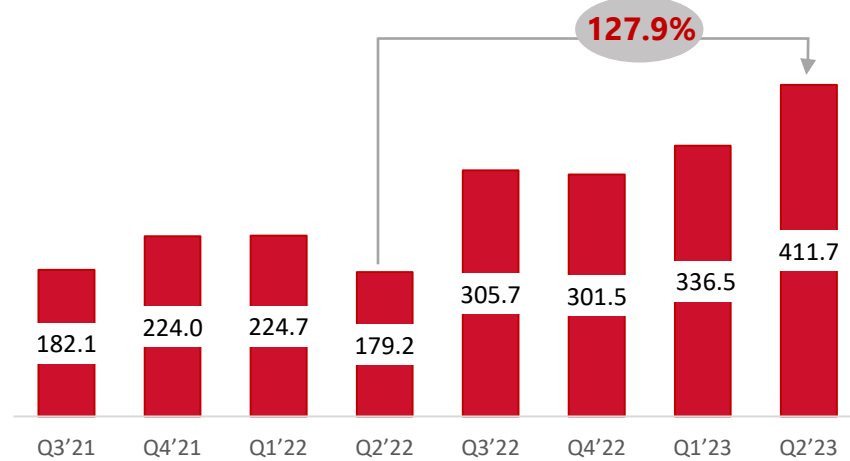
Albert Li, CFO



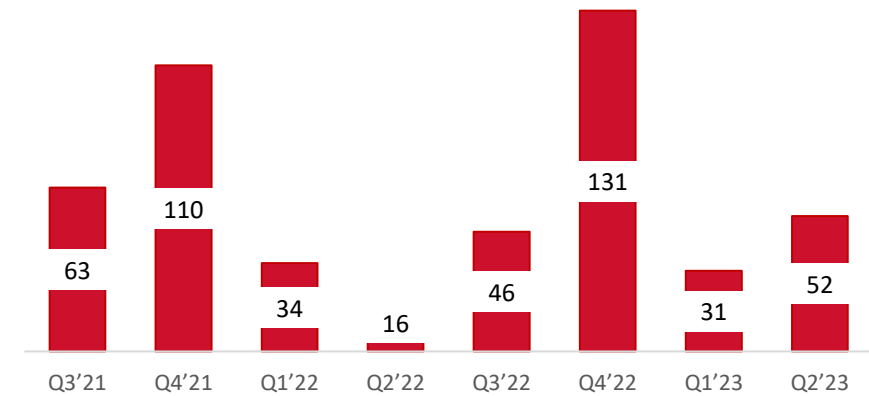
Record Top-line Driven by Net New Stores and Same-store Sales Growth



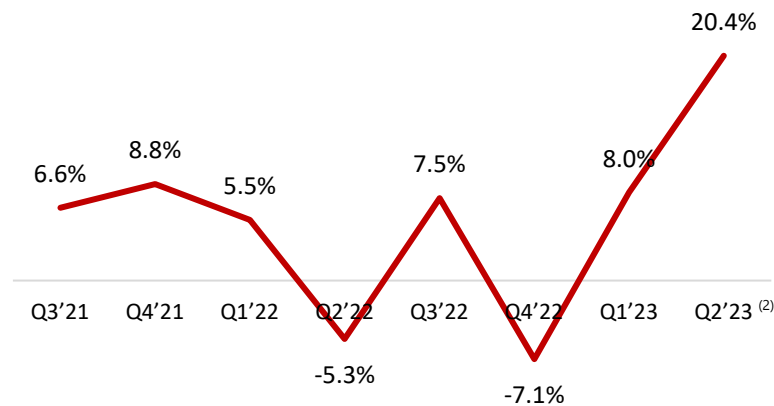
Total Revenues (mm)



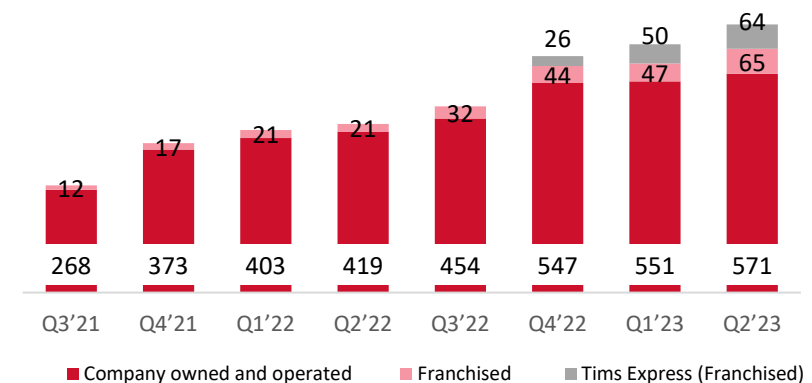
Net New Store Openings



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



System-wide Stores



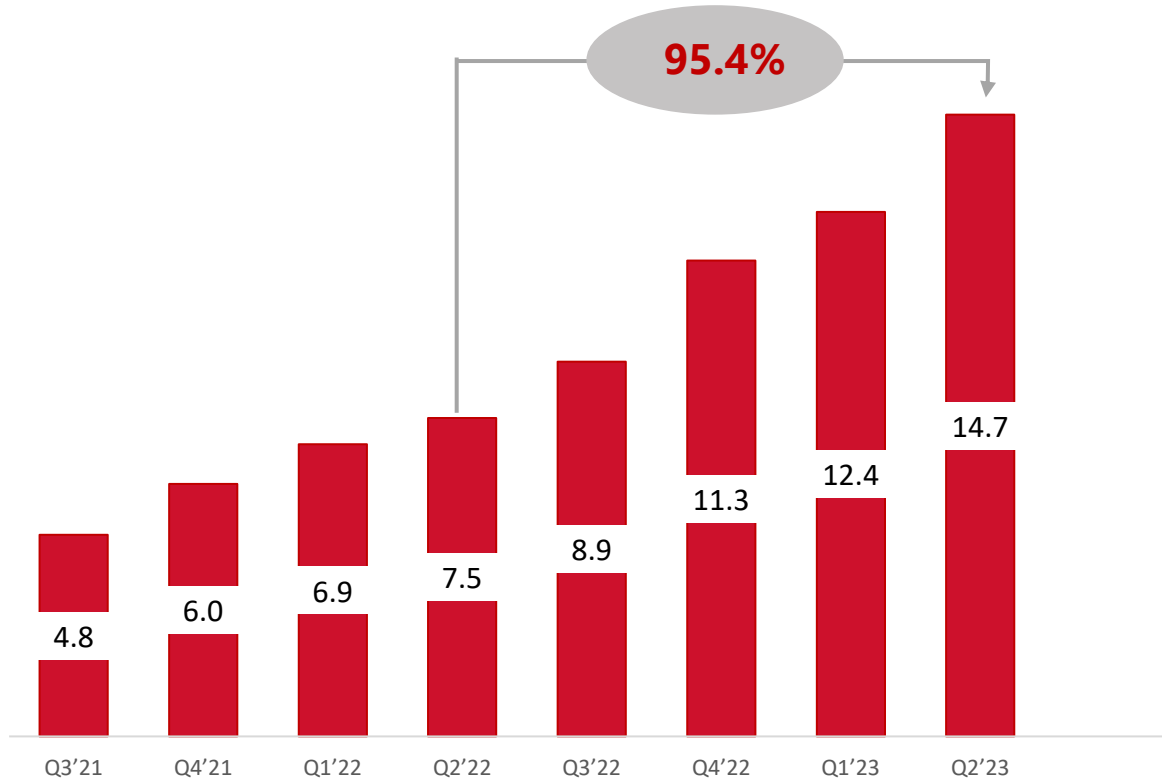
(1) The percentage change in the sales of company owned and operated stores that have been operating for 12 months or longer during a certain period compared to the same period from the prior year. The same-store sales growth for any period of more than a month equals to the arithmetic average of the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

(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.

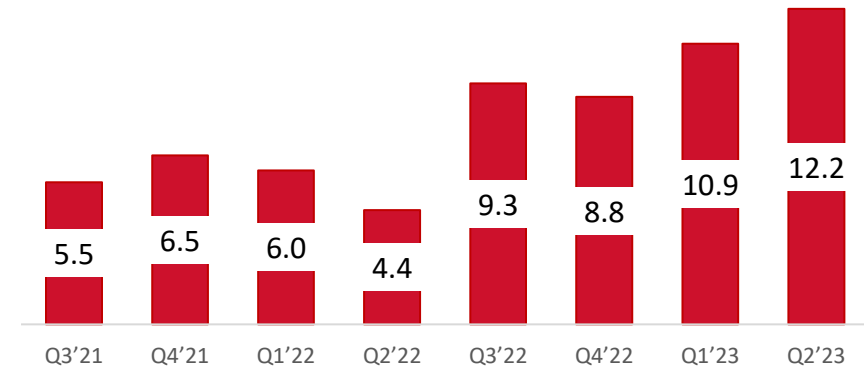
Growing Number of Loyalty Club Members and Digital Orders



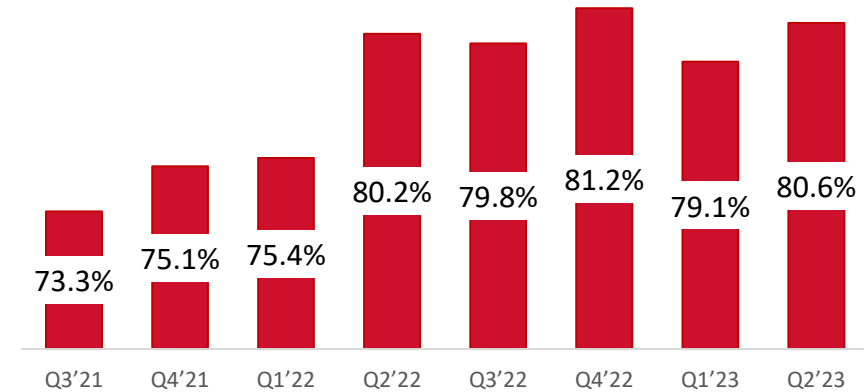
Registered Loyalty Club Members (mm)



Number of Orders (mm) ⁽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: Q2'23 Adj. Store EBITDA Margin Improved by 31.6 ppt



	Q2			YOY (23 vs. 22)
	2021	2022	2023	
Food and packaging ⁽¹⁾	33.8%	35.8%	34.0%	↓177bp
Rental and property management fee ⁽¹⁾	27.5%	34.9%	20.8%	↓1409bp
Payroll and employee benefits ⁽¹⁾	27.7%	39.1%	21.9%	↓1723bp
Adjusted store EBITDA margin ^{(1) (2)}	5.8%	-26.6%	5.0%	+3160bp
Marketing expenses ⁽³⁾	5.2%	10.7%	6.3%	↓440bp
Adjusted General and administrative expenses ^{(3) (4)}	28.2%	35.2%	13.3%	↓2190bp

(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⁽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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