



# Tim's China

Nasdaq: THCH

Q3 2024 Earnings Presentation

*November 12, 2024*

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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 company owned and operated store contribution, company owned and operated store contribution 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) company owned and operated store contribution as fully-burdened gross profit of company owned and operated stores excluding depreciation and amortization; (ii) company owned and operated store contribution margin as company owned and operated store contribution 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 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 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 company owned and operated store contribution, company owned and operated store contribution 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.



## 01. Business Update



# Achieved Consecutive Second Quarterly Adjusted Corporate EBITDA Profitability



	Q3			YOY (24 vs. 23)
	2022	2023	2024	
Food and packaging <sup>(1)</sup>	33.3%	35.1%	29.0%	↓ 610bp
Rental and property management fee <sup>(1)</sup>	15.6%	19.3%	19.3%	—
Payroll and employee benefits <sup>(1)</sup>	22.8%	19.9%	16.9%	↓ 300bp
Other operating expenses <sup>(1)</sup>	13.1%	9.0%	7.9%	↓ 110bp
Company owned and operated store contribution margin <sup>(1) (2)</sup>	5.3%	7.5%	13.3%	↑ 580bp
Marketing expenses <sup>(3)</sup>	8.1%	7.4%	5.1%	↓ 230bp
Adjusted general and administrative expenses <sup>(3) (4)</sup>	15.8%	13.4%	10.7%	↓ 270bp
Adjusted corporate EBITDA margin <sup>(3) (5)</sup>	(15.6)%	(14.5)%	0.6%	↑ 1,510bp

(1) As percentage of revenues from company owned and operated store

(2) Company owned and operated store contribution margin stands for company owned and operated store contribution as a percentage of our revenues from company owned and operated stores. Company owned and operated store contribution is calculated as fully-burdened gross profit of company owned and operated stores excluding depreciation and amortization, previously disclosed as adjusted store EBITDA margin

(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 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 Store Network & Loyalty Membership Highlights



	Q3'22	Q3'23	Q3'24	YoY % (24 vs 23)
Total stores <sup>(1)</sup>	486	763	946	24.0%
Net new stores <sup>(2)</sup>	46	63	39	(38.1)%
Registered Loyalty club members (mm)	8.9	16.9	22.8	35.3%
Digital orders % <sup>(3)</sup>	79.8%	82.6%	86.6%	4.0ppts
Total revenues (RMBmm)	305.7	433.9	359.6	(17.1)%
System Sales (RMBmm) <sup>(4)</sup>	304.6	440.8	372.4	(15.5)%
Revenues from company-owned stores (RMBmm)	290.0	388.3	299.5	(22.9)%
Same-store Sales Growth for company-owned stores (%) <sup>(5)</sup>	7.5%	(0.4)%	(20.7)%	(20.3)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

# Our Differentiated Value Proposition: "Coffee Plus Warm Food"



## Freshly Prepared Food



## Healthy and High Quality Products



## Affordable Pricing



# Freshly Prepared Food



- ❑ We have completed the “made-to-order” renovation of **539** new and existing stores by the end of October
- ❑ With this investment, our guests can watch our staff craft fresh meals from start to finish







## Customized Combos With Less Than 400 Calories



### <400卡轻盈吃堡套餐

芝士流心蛋贝果堡+中杯美式

≈335卡



Tim Hortons

\*图片仅供参考，产品以实物为准，图中除明确标注的上市产品外其余为装饰。本活动不与其他活动同享。具体产品选择详见小程序菜单或咨询门店店员，具体产品以门店实际供应为准。活动仅限门店小程序、POS点单。活动门店为中国大陆地区Tim Hortons金枫店及红枫店（除全国交通枢纽店、海昌海洋公园店、国家会展中心店、海口免税城店、枫加宋城店、枫加宋城店、枫加玄武湖店、瘦西湖景区景区内店、东港音乐喷泉广场店、凌源宜兴店、湖小憩店及新疆区域门店外），门店类型请查看小程序。

\*参考食物的热量数据引用于《中国食物成分表(第6版)》(可食用部分克重以一个牛油果约200g计，一根香蕉150g计)，热量仅供参考。

\*上述食品根据Tim's训练手册的标准出品，能量等营养成分信息由国家认可的实验室测定及估算，数据更新日期为2024年9月。上述饮品(规格:中杯、标准冰、不另外加糖、不另外加奶)根据Tim's训练手册的标准出品，能量等营养成分信息由国家认可的实验室测定及估算，数据更新日期为2024年6月。\*热量标准参考GB28050《预包装食品营养标签通则》。\*因原料批次、产地、供应季节、加工和烹制等原因，实际可能有所差异，数据仅供参考。



## Value Breakfast Combos Starting from RMB14.9

**Tim's 现烤可颂配咖啡**

圆圆可颂早安套餐

**¥14.9起**

会员专享  
仅限10:00前

美式 Tim's

New 圆圆可颂

购指定套餐, 享更多搭配升级

芝士流心可颂 饮品

## Value Lunch Combos Starting from RMB21.9

套餐

**猛犸有猛料**

¥29.8起

**微笑加贝套餐**

人气微笑系列

¥24.9起

**贝果随心配套餐**

口口满足感

¥21.9起

## Chibaobao Card (吃饱饱卡)

天好咖啡

**6折干饭!**

指定饮品+指定食品组合×4

单次低至省**17.4元**起

四次最高省**96元!**

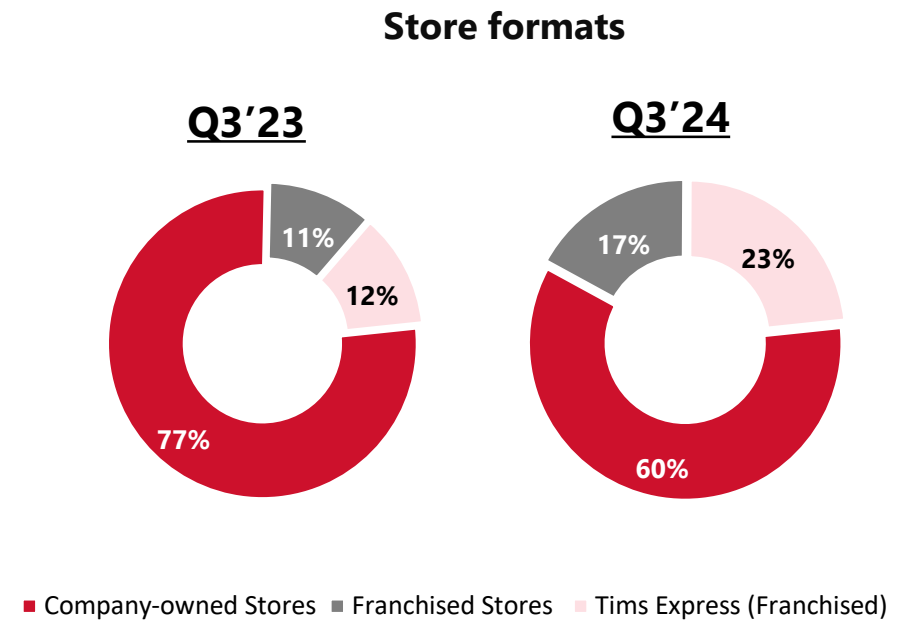
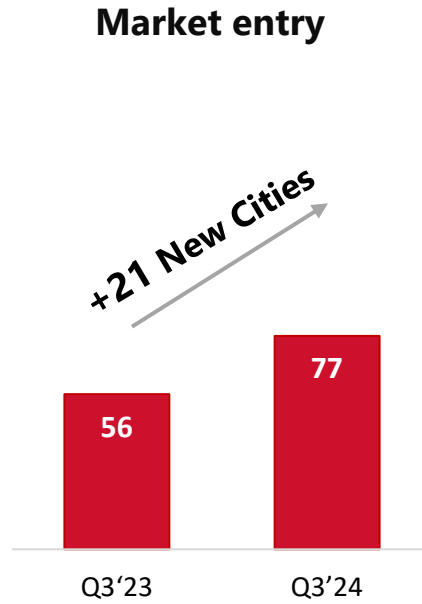
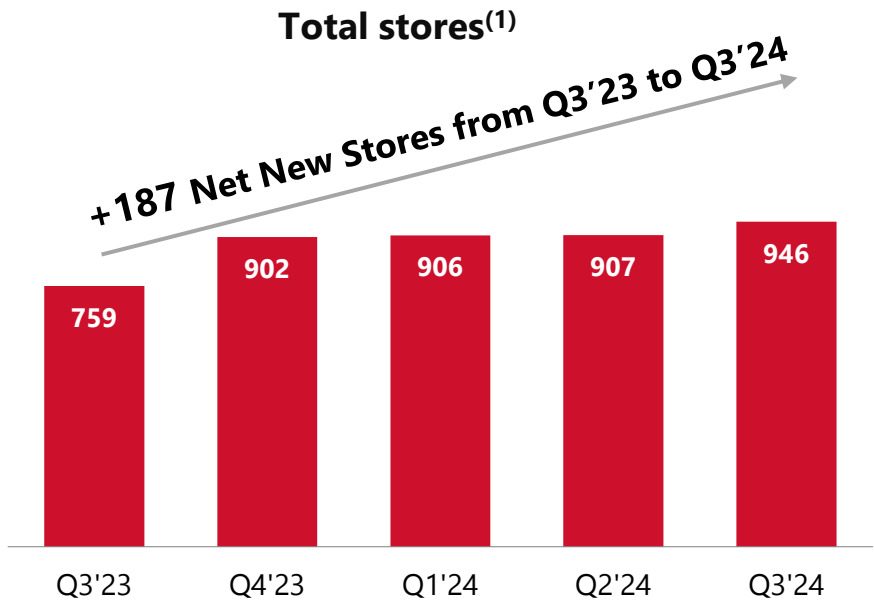
New 吃饱饱套餐卡

售价 **¥6.6**

扫码吃福利!

· 单笔最低至17.4元起, 以门店购买1杯柠檬气泡饮(中杯, 原单价15元/杯为基准)+1份炸鸡(原单价14元/份)为基准计算, 以此类推, 具体可去门店或购买时咨询店员  
· 最高立减96元, 以门店(连续四次累计消费)购买4杯咖啡(原单价11元/杯)+4个炸鸡(原单价14元/份)为基准计算, 以此类推, 具体可去门店或购买时咨询店员  
· 有效期30天, 本活动不与其他活动同享, 详细规则请参考卡券购买页面。

# Focus on Profitable & Capital-Efficient Growth



**39** Net New Store Openings in Q3'2024



**(10)** Net Company-owned Store Openings



**49** Net Franchised Store Openings



(1) Popeyes stores are not included in the count

# The Individual Franchise Has Demonstrated Strong Growth And Remarkable Momentum



Applications

5,000+



Made-to-order Store  
Payback Period

2-3 years



Individual franchise stores

Opened #

43

Signed #

94

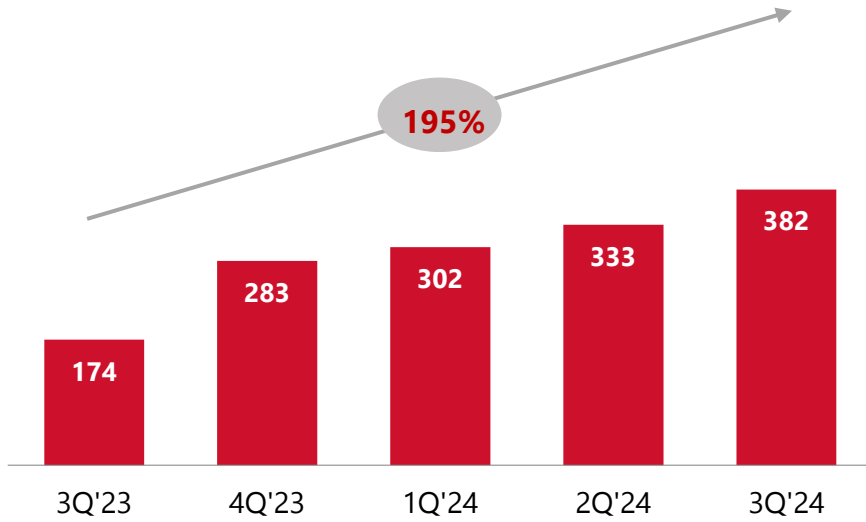
Individual Franchise stores already  
located across 13 provinces:

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

# Further Expansion of Our Franchise Network on Track



**Total Sub-Franchise Stores**



**Penetrated Into New Cities With Our Franchisees**

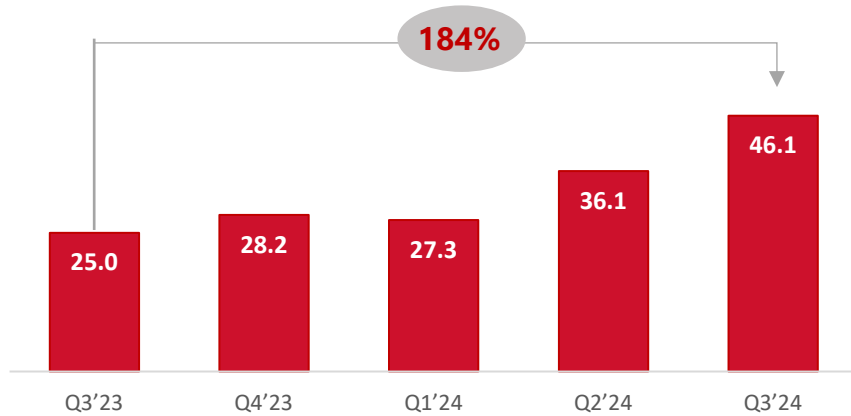


**First store in Haerbin, the capital of Heilongjiang Province**



**First store in Shijiazhuang, the capital of Hebei Province**

**Revenues from Sub-Franchise Business (mm)**



**First store in Dongying, a tier-2 city located in Shandong Province**

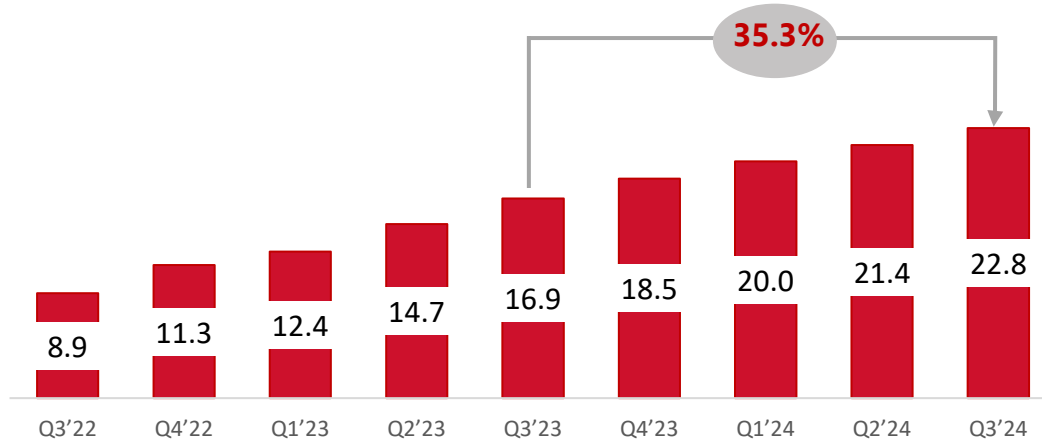


**First store in Heze, a tier-2 city located in Shandong Province**

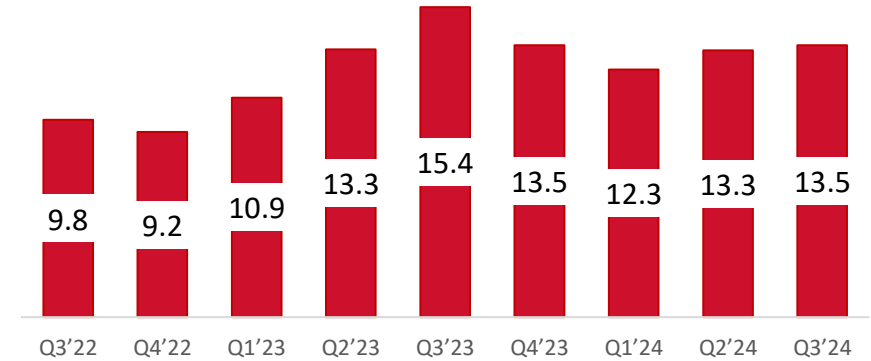
# Steady Growth of Loyalty Club Members and Digital Orders



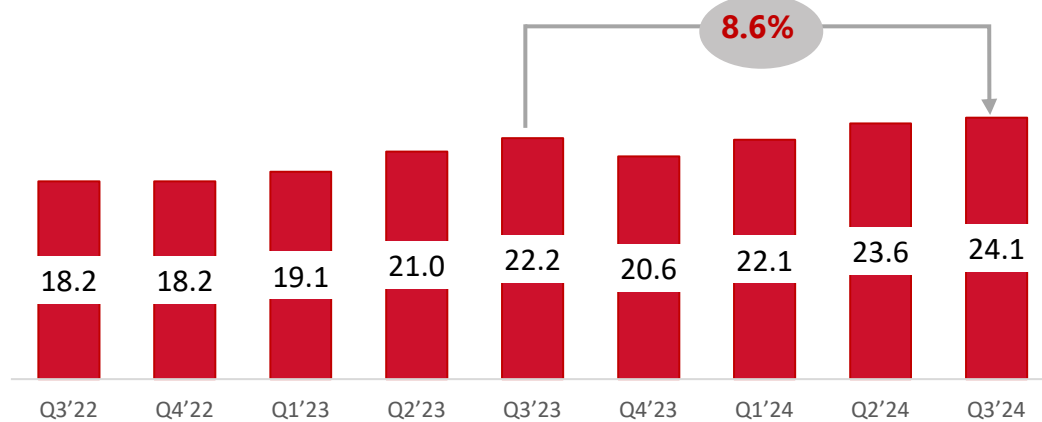
### Registered Loyalty Club Members (mm)



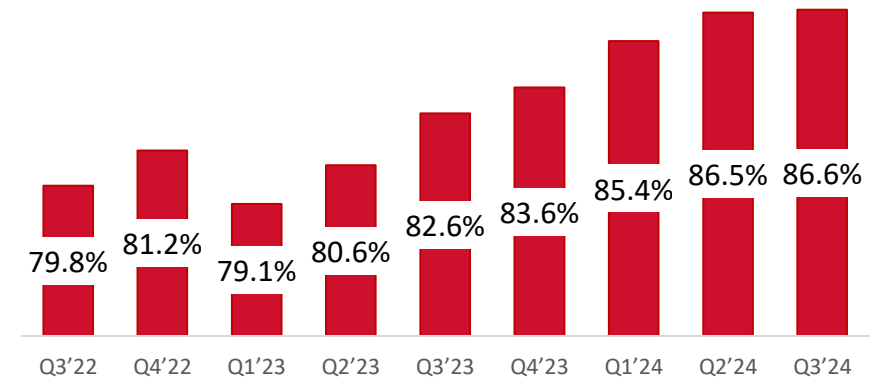
### Number of Orders (mm)



### Average Club Members Per Store (thousands)



### Digital Orders% <sup>(1)</sup>



(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

# Product Innovation Pleasing Local Tastes



### Five Red & Five Black Bagel



### Supermodel Low-Fat Bagel



### Fruity Coffee Series



### Melon and Coconut Cold Brew



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



Tims x Crayon Shin-chan



Tims x Lijun Chen



Tims x Menglan



Tims x GAP







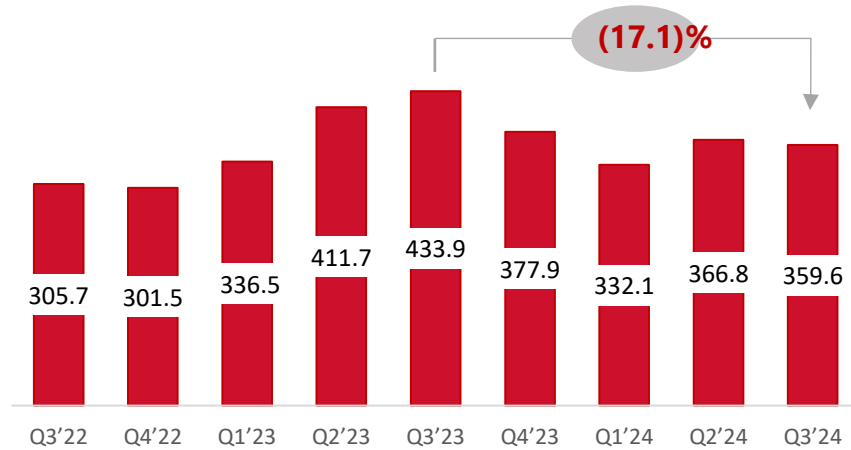
## 02. Financial Highlights



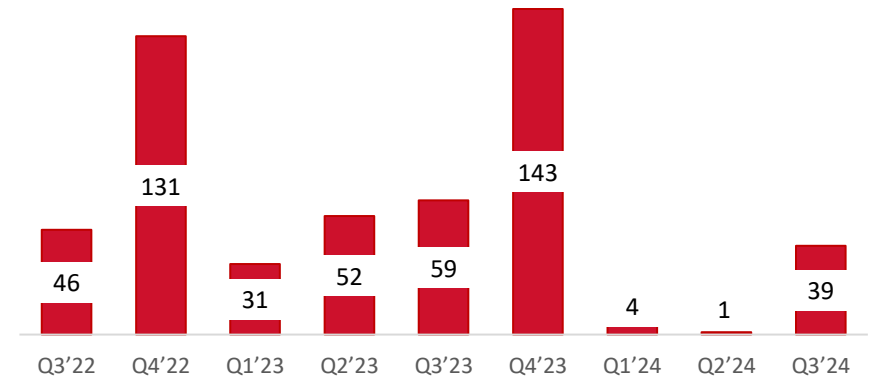
# Top-line Under Pressure Temporarily and Franchise Store Growth



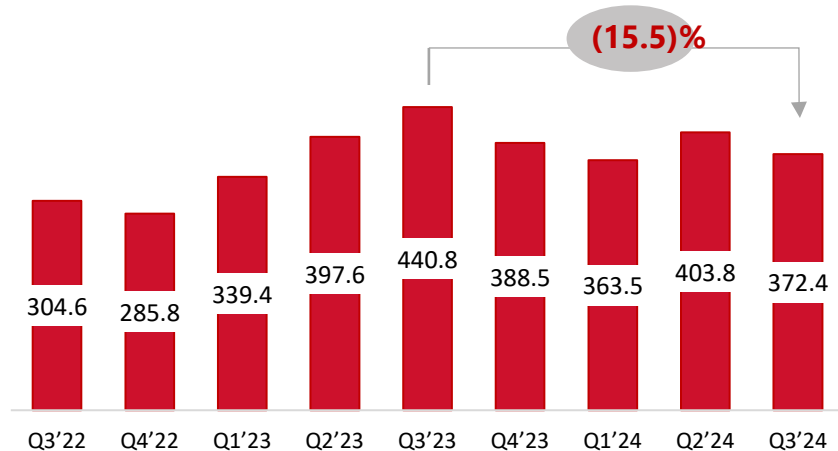
**Total Revenues (mm)**



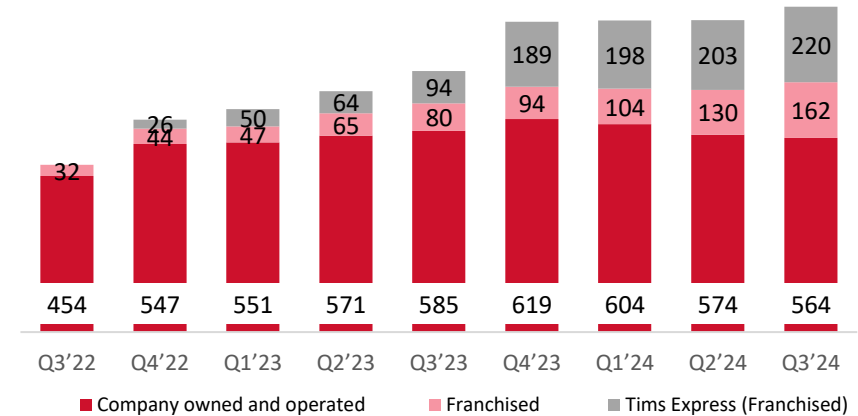
**Net New Store Openings<sup>(1)</sup>**



**System Sales<sup>(2)</sup>**



**System-wide Stores<sup>(1)</sup>**



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# Achieved Consecutive Second Quarterly Adjusted Corporate EBITDA Profitability



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(3) As percentage of total revenues

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# Near-Term Financial Priorities



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

**Optimize Cost Structure**

**Deliver Sustainable Revenue Growth**

**Expand Store-Level Profitability**

**Accelerate Growth Franchise Store Network**

<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. 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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