ARGUS®

EQUITY RESEARCH REPORT

May 27, 2025

TH INTERNATIONAL LIMITED
(NasdaqCM: THCH)

TH International Ltd. (Tims China) is the parent company of the exclusive master franchisee of Tim Hortons coffee shops for Restaurant Brands International Inc. (RBI) in mainland China, Hong Kong, and Macau. THCH offers freshly brewed coffee, tea, and other beverages; freshly baked goods; meals and sides. The company launched its first coffee shop in China in February 2019 and has grown to more than 1,000 stores. The company utilizes an operating model that includes company-owned stores and franchise-operated locations.

COMPANY HIGHLIGHTS

* **Differentiated Product Offering**: We think that Tims China is well positioned to fill the role of a differentiated player in the market by providing strong value for the money compared with premium players, while offering a locally adapted, freshly prepared food menu. In 2024, the company launched a total of 92 new products, nearly evenly split between food and beverages, close to 2023 levels (100 new product launches). We view favorably its expansion of food orders, with more than 50% of transactions containing a food item.
* **Investment Phase Largely Completed**: THCH has completed much of its investment toward building an infrastructure, including a scalable supply chain and technology system that can support the target footprint in an efficient and economically optimized manner. As of January 2025, the company had completed the renovation of more than 600 stores, allowing guests to see their fresh food being prepared in open kitchens. We also see the recent divestiture of its nascent Popeyes restaurant business, which had been seeing signals of increasing local competition, easing capital investment obligations over the coming years.
* **Enhancing Cost Leverage:** Tims China has been able to reduce variable costs across multiple categories, including food and packaging, which enabled the achievement of corporate-level positive EBITDA in 2Q24 and 3Q24. We view

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PRICE CHART

KEY STATISTICS

Key Stock Statistics	
Recent price (5/23/25)	$2.81
Fair Value Estimate	$6.00
52 week high/low	$6.00/$2.15
Shares outstanding (M)	32.5
Market cap ($)	$91.3
Dividend	NA
Yield	NA

Sector Overview	
Sector	Consumer Discretionary
Sector % of S&P 500	10.4%

Financials (as of 12/31/24, RMB)	
Cash & Mkt Securities (M)	184.2
Debt (M)	1,320.2
Working Capital (M)	-1,118.8
Current Ratio	0.3
Total Debt/Equity (%)	NM
Payout ratio	NA
Revenue (M, TTM)	1,391.2
Net Income (M)	NM
Net Margin (%)	NM

Risk	
Beta	0.51
Inst. ownership	72%

Valuation	
P/E forward EPS	NA
Price/Sales (TTM)	0.5
Price/Book (TTM)	NM

Top Holders

Cartesian Capital Group LLC
Tencent Holdings Limited
Sequoia Capital Operations LLC

Management	
Chairman	Mr. Peter Yu
CEO	Mr. Yongchen Lu
CFO	Mr. Dong Li
Company website	https://ir.timschina.com

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positively THCH's outlook for such profitability over the full year in 2025, despite continued soft consumer spending and challenges stemming from an ongoing price war that has temporarily contracted market sales growth. We see stimulus efforts by the Chinese government supporting expanding consumption trends moving forward.

* **Poised to Accelerate Net Location Growth**: As of January 2025, there were 1,022 Tims locations across 82 cities in China. Over the past several quarters, the company has been pruning underperforming company-owned stores, consistent with its long-term planning, and cited 6,200 applications received in its sub-franchise pipeline by the end of 2024. We expect new store openings to be accompanied by prudent vetting of applicants and potential locations and expect much of future new store growth to come from sub-franchises under the "asset light" operating model.
* **Loyalty Programs Continuing Strong Growth**: As of December 31, 2024, Tims China had more than 24 million registered loyalty club members. In 2024, membership increased by 29.7%. Given that loyalty club members are more likely to be repeat customers, we see this growth having a "multiplier effect" for future revenue growth. The company recently introduced a "Chibaobao Card," which allows guests to purchase food and drink combos at a 40% discount for a one-time fee. This promotion is designed to increase guest visit frequency, and we see it enhancing near-term revenues and cash flows.
* **Balance Sheet:** As of December 31, 2024, THCH had RMB184.2 million ($25.2 million) in cash and deposits, compared with RMB219.5 million as of December 31, 2023. It had net debt of approximately RMB1.136 billion ($159 million). In June 2024, it raised more than $60 million in operating capital from the sale of its Popeyes restaurant business and the issuance of convertible notes. We think these moves, combined with the elimination of Popeyes-related investments and positive corporate-level EBITDA, put THCH on solid footing to weather near-term challenges to its business and execute on its expansion strategy.
* **Fair Value**: Based on our enterprise value (EV)/revenue analysis, we see a fair value of $6.00 per share.

COMPANY/INDUSTRY BACKGROUND

THCH is the parent company of the master franchisee and licensed operator of Tim Hortons coffee shops, one of the largest coffee and tea restaurant chains in the world, in mainland China, Hong Kong, and Macau. The company opened its first coffee shop in February 2019 and had 1,022 total stores in 82 cities as of January 2025, consisting of company-owned/-operated and franchised Tims China stores.

Over the past few quarters, the company has pruned underperforming stores while opening more new locations under its franchise model. In 2024, the company added 120 net locations, mostly sub-franchised. As a result, the percentage of company-operated stores had declined to 56% as of December 31, 2024, compared with 69% at the end of 2023. The company has stated plans to increase its net store count by more than 200 locations in 2025.

We expect expansion of the footprint to center around sub-franchises, many being smaller in format and with open kitchens, which should promote an accelerated path to profitability. The company has cited 6,200 applications received as of the end of 2024, which we see suggesting robust demand for new store expansion.

We see Tims proceeding with a strict vetting process for potential franchisees and target locations, which we view positively for location success. We see the introduction to Tims China into new cities helping to leverage the brand's influence as it expands and view the media attention several launches have garnered positively. We expect the pace of new store openings to accelerate over the coming years.

In our view, underpinning the opportunity for THCH is a market that is undergoing a generational shift in consumer preferences to coffee drinking from what was historically only a tea-drinking culture. According to the International Coffee Organization, China's coffee consumption has grown at a compound annual growth rate of 21% since 2010-11, which compares favorably to the average annual growth rate for the world of 1.8%. In its "China Coffee Industry Report 2024," the World Federation of Chinese Catering Industry cited coffee consumption in China that has more than doubled (167% growth) over the past decade, with demand outpacing domestic supply, spurring 20% growth in coffee imports in 2023.

Despite this growth, we see the market as still being in its early stages of development and offering white space for future growth. We are encouraged by initiatives of the Chinese government to support this expanding development. In October 2022, coffee cultivation and production were included in the government's Catalogue of Encouraged Industries for Foreign Investment. Starbucks entered the Chinese market in 1999 and had more than 7,500 locations in China as of 3Q-2024, mostly in larger formats. Over the past decade, Luckin Coffee has surpassed Starbucks, with its website citing more than 22,000 stores. Cotti Coffee currently has over 10,000 stores.

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PEER COMPARISON

Company	Ticker	Recent Price ($)	52-Week High ($)	52-Week Low ($)	Mkt. Cap ($MIL)	1-yr Price Change (%)	1-yr Rev Growth (%)	1-yr EPS Growth (%)	P/E Ratio	Beta	Yield (%)
TH INTERNATIONAL LTD	**NASDAQ: THCH**	**2.81**	**6.00**	**2.15**	**91**	**-50**	**NM**	**NM**	**NM**	**0.51**	**NA**
STARBUCKS CORP	NASDAQ: SBUX	84.40	117.46	71.55	95424	8	1	NM	25.5	0.98	2.9
LUCKIN COFFEE INC	OTCPK: LKNCY	32.05	38.03	17.28	10070	68	38	3	25.0	-0.41	NA

Over the past several quarters, however, the industry has seen pricing pressures, as the local players, including Luckin and Cotti, have sacrificed margin for revenue and unit growth expansion. We expect this pricing trend to be transient in nature, given the impact on corporate profitability, but see potential for this to accelerate the overall customer expansion of the category.

Under this scenario, we see Tims China's product differentiation — driven by a higher level of orders including food items compared with its peers, while some peers have signaled simplifying their menus — to drive customer adoption and market share growth. Despite the pricing challenges in the market, we note that Tims' overall monthly average transacting customers exceeded 3 million across 2024.

In our view, the pricing environment for the industry has compounded general weakness in China's macroeconomy, which has been increasingly volatile since the COVID-19 pandemic and has led to a period of deflation amid soft consumer spending and housing market weakness.

We are encouraged by recent stimulus efforts by the Chinese government supporting expanding consumption and boosting growth through enhancing demand, rather than through reducing oversupply in many sectors. In March 2025, a government stimulus policy was introduced that was positively received by economists and that we think has improved the consumer sector's market outlook and investor sentiment. We think such actions could help to normalize coffee market trends and provide a longer-term tailwind to Tims' growth strategy.

In June 2024, Tims China sold its Popeyes restaurant business to RBI, which had licensed the brand in China in early 2023. Since opening its first store in August 2023, THCH had opened 14 locations. Despite our positive long-term demand outlook for the Popeyes brand in China, we see the decision to divest as financially prudent, given signals of increased competition in the local market and the company's prioritization on driving profitability in the core Tims business.

INVESTMENT THESIS

We think that Tims China is well positioned to fill the role of a differentiated player in the market by providing strong value for the money compared with premium players, while offering a locally adapted, freshly prepared food menu.

In our view, the company has completed much of its investment toward building an infrastructure that can support the current and future footprint, including a scalable supply chain and technology system that can support the target footprint in an efficient and economically optimized manner. Over the past few years, it has established the Tims China brand through the opening of a base of primarily large-scale, company-owned stores, as well as by building out a scalable infrastructure that can accommodate additional store growth and brand additions over time.

We view positively that THCH's supply chain focuses on sourcing fresh ingredients from local suppliers that have a Global Food Safety Initiative certificate, a widely recognized food safety standard. In addition, we think that the near-shore and PRC local sourcing of its coffee beans should support stability in its supply chain (where coffee beans are the only category still imported from outside the PRC), as well as its ability to more effectively contain operating costs, including food and packaging (an expense line item that totals more than 25% of its revenues). In 2024, food and packaging costs as a percentage of revenues from company-owned and -operated stores declined by 3.5 percentage points compared with 2023.

We expect the focus of future store growth to center around densification of established areas, both through sub-franchising and smaller format locations. We view this strategy favorably, given the limited capital investment required and the enhanced profitability due to the scalability and higher margin of the franchising model. We see favorable economics for small-format stores, with capital expenditures of approximately RMB450,000-RMB500,000 (around $70,000) and a payback period between two and three years helping to drive sub-franchisee interest.

We note that THCH has partnered with leading franchise groups in the convenience store and real estate sectors. In our view, partnering with well-established and vetted groups can lower its execution risk. We expect many new store locations in high-traffic locations, including gas station convenience stores, subway stations, and others that can accommodate smaller formats, all of which will utilize THCH's supply chain, technology systems, and menu boards and benefit from lower labor burdens.

We see THCH benefiting from investments in developing locally relevant and product-tested menus, which we believe have been key for Western brands to achieve success in China. These menus also focus on innovation, as THCH introduced 100 new products in 2023, nearly split between food and beverage categories, and an additional 92 products in 2024, with a similar breakdown. In our view, its "Coffee Plus Fresh Food" strategy should represent a differentiation to its peers and help it to mitigate pricing pressures across the category.

In 2024, new offerings included low-sugar, high-fiber, and plant-based options, focused on healthy and fresh products, retained nutrition, and flavor. Tims also launched bagel options with fewer than 400 calories, as well as beverage offerings with "Five Zeros"—containing no nondairy creamers, coffee whiteners, hydrogenated vegetable oils, trans fats, or instant tea powders.

Although coffee is the largest revenue driver at Tims China locations, we are encouraged by the growth in food-included orders, which has exceeded 50% of all orders since the fourth quarter of 2023. We think this has also contributed to store-level adjusted EBITDA margins that have been resilient during the challenging market environment and reached an all-time high of 13.3% in the third quarter of 2024.

We note that freshly prepared food on the menu represents another area of differentiation compared with its peers. To that end, we are encouraged by recently completed renovations of more than 600 of its locations, which enable customers to see their made-to-order, fresh food being prepared in open kitchens. We also see the variety of store formats enabling smaller locations with varied food and seating options, in contrast to chains such as Starbucks, which is largely concentrated in larger store footprints.

We also view THCH's use of mobile and digital technologies as supporting its growth amid China's use of mobile devices in daily routines. Since 2020, digital ordering has increased from 64% to over 80% of all transactions, including delivery and mobile ordering for self-pickup, reaching 86.1% in the fourth quarter of 2024.

In addition, the Tims app is prominently featured across the digital ecosystem to facilitate this trend for increased digital ordering and marketing on vertical service platforms, including Eleme and Tmall, and social media platforms, including WeChat, Weibo, Weixin, Xiaohongshu, and TikTok. In September 2024, Tims collaborated with a China cultural icon, panda Meng Lan, on a marketing campaign for Tims' Bagel Festival, which generated over 63 million media exposures for the company, including a 160% increase in user-generated content, compared with the prior month.

As of December 31, 2024, Tims' loyalty program featured more than 24 million members, which represented 29.7% growth in 2024. This compares with just 2 million loyalty members at the end of 2020. Given that loyalty club members are more likely to be repeat customers, we see this growth having a "multiplier effect" for future revenue growth. In addition, the company recently introduced a "Chibaobao Card," which allows guests to purchase food and drink combos at a 40% discount for a one-time fee, which we see enhancing near-term revenues and cash flows. Since its launch in late 2023, through December 31, 2024, the company had sold approximately 730,000 of these cards, providing incremental revenues of approximately $5 million. We see room for additional growth among its registered customer base as the company continues to scale its operations.

RECENT DEVELOPMENTS

Tims China shares trade on the Nasdaq Capital Market under the symbol THCH. In 2024, the shares declined approximately 60% compared with a 23% increase for the S&P 500 Index. Year-to-date in 2025, the shares have declined by 21%, compared with a decline of 1% for the index.

In April 2025, THCH reported full-year 2024 results, which saw a 10.8% decline in total revenues (6.2% system-wide), which was partially offset by a 105% increase in sub-franchise business revenues, as the company opened 163 new franchised locations in 2024. For the year, store-level EBITDA was 7.4%, up from 4.8% in 2023. Net loss per share was RMB12.70 ($1.79), compared with RMB28.48 in 2023. Importantly, THCH has guided to achieving corporate-level adjusted EBITDA profitability in 2025, after achieving positive corporate level EBITDA in 2Q and 3Q in 2024 but had not yet a positive margin for the full year.

In May 2025, THCH announced that Tims China has been included in the 2025 China Restaurant Franchise Brand Top 100 list by the China Chain-Store & Franchise Association (CCFA), and was cited for excellence in franchise system development, operational management, and sustainable growth.

In January 2025, THCH announced the opening of its first store in Nanchang, Jiangxi Province, extending its footprint to 27 of China's 34 province-level geographies.

In January 2025, THCH implemented a one-for-five reverse share split, which resulted in it regaining regulatory listing compliance.

In October 2024, TH International participated in the Fourth ESG Global Leaders Summit in Shanghai, where it was the coffee sponsor of the conference, showcasing its innovations in the sustainable consumer sector in China.

In June 2024, Tims China sold its Popeyes China business to RBI for cash proceeds of $9 million (equivalent to an enterprise value of $15 million) and secured $50 million in financing through the issuance of convertible notes.

EARNINGS & GROWTH ANALYSIS

We forecast that THCH will post revenues of approximately RMB1.51 billion (approximately $211 million at current exchange rates) for 2025 and RMB1.635 billion ($229 million) for 2026, which would represent growth of 9% and 8%, respectively. We expect near-term revenue growth to stabilize after being challenged by the pricing environment in China's coffee market and as THCH continues to transition toward a majority of new stores falling under the franchise model.

The company ended 2024 with 1,022 stores, approximately 56% of which were company owned and operated, down from 69% at the end of 2023. Over the next two-to-three years, we expect most new store openings to be sub-franchised and expect that franchised locations will surpass company-owned stores as the company executes its strategic expansion program. As a result, we see company-operated stores contributing 79% of revenues in 2025 and 75% in 2026, compared with 85% in 2024.

Thus, we see this shift slowing the rate of top-line growth but enabling an accelerated path to profitability, as the company will receive a largely expense-free percentage of gross revenues of franchised units in perpetuity.

While THCH reported 7.6% same-store sales growth in 2023, this trend turned negative in 2024, which we attribute to macroeconomic pressures in China and pricing dynamics in the coffee market, which we expect will be transient but to continue throughout 2025. We expect future results to reflect improvements in efficiency, as THCH leverages its supply chain and infrastructure, which is largely built out at this stage.

In terms of operating margins, we are encouraged by prospects for THCH to reduce its cost burden as a percentage of revenues moving forward, as costs shift to franchisees, as well as smaller format locations, which can generate favorable growth and profitability from inception. We expect its company-owned-store sales to become more profitable as its fixed costs are spread across a wider corporate footprint.

We see the company executing on a high return on investment strategy building upon investments already made. We are encouraged by signs of operating leverage, as most variable-cost line items, including food and packaging, general and administrative (excluding one-time items), and marketing expenses all showed declines as a percentage of total revenues across 2024, supporting margin expansion and a narrowing net loss. Full-year 2024 company-owned- and -operated-store contribution margin and adjusted corporate EBITDA margin improved by 5.3 percentage points and 9.9 percentage points, respectively.

For 2025, we expect operating expenses to comprise 95% of company owned store revenues, compared with 102% in 2024. We expect this figure to decline further, to 93% of revenues in 2026, as THCH continues to focus on optimizing its operational efficiencies and supply chain. We project adjusted EBITDA store-level margin expansion of 12.6% for 2025, up from 7.4% in 2024, and 15.1%

in 2026, boosted by fewer company-owned-store-opening-related costs. Corporate-wide, we project adjusted EBITDA of 2.0% in 2025 and 4.6% in 2026, compared with a negative 6.9% margin in 2024.

We project a diluted net loss per share of RMB5.41 ($0.76) in 2025, representing a 57% narrowing compared with 2024. We project a net loss per share of RMB4.07 ($0.57) in 2026. Both estimates reflect a recent renminbi-to-dollar exchange rate of 0.14. On an adjusted basis, we forecast a net loss per share of RMB4.32 ($0.60) in 2025 and RMB2.97 ($0.42) in 2026.

FINANCIAL STRENGTH & DIVIDENDS

Our financial strength rating for THCH is Low. As of December 31, 2024, the company had cash and deposits of RMB184.2 million (approximately $25.2 million), down from RMB219.5 million at the end of 2023. It had a negative working capital position of RMB1.12 billion ($157 million), which translates into a current ratio of around 0.3. THCH had approximately RMB1.32 billion (~$185 million) in debt, approximately 70% of which is in convertible notes. Approximately 65% of its debt is classified as current.

When factoring in its cash and deposits, net debt was RMB1.136 billion ($159 million). We note that in addition to the cash on hand, THCH has drawable bank facilities of approximately RMB400 million (more than $50 million) in order to maintain liquidity as it expands its operating footprint.

In June 2024, Tims China secured up to $65 million in aggregate operating capital funding from its founding shareholders, Cartesian Capital Group LLC and RBI, which included $50 million in three-year convertible notes ($40 million issued at closing). As part of the transaction, Tims China sold its Popeyes business to RBI for cash consideration of $9 million, reflecting an enterprise value of $15 million, and Tims China extinguished the deferred consideration due to former shareholders of Popeyes China via issuance of a $15 million convertible note. Previously, in March 2024, Tims China entered into new promissory note borrowing agreements for $20 million with Cartesian Capital. (These notes were tendered in consideration for $20 million of the new three-year convertible notes mentioned above.) We think these moves, combined with the elimination of Popeyes-related investments and positive corporate-level EBITDA should support THCH's ability to invest in its expansion strategy.

With the divestiture of the Popeyes business, which was at an early stage and would have required significant operating capital over the coming years, we expect THCH's balance sheet to improve moving forward. We see the achievement of positive corporate-level EBITDA on a full-year basis, which THCH has guided in 2025, beginning to reflect the leveraging of Tims China's supply chain across a store base that shifts to new franchised store locations. Such operations carry little investment requirement and expense exposure, while providing a percentage of those restaurants' gross sales to THCH.

Net cash used in operating activities in 2024 was RMB39.7 million ($5.4 million), which is approximately 80% narrower than the net cash used of RMB196.1 million in 2023. In 2024, net cash used by investing activities was RMB8 million ($1.1 million), compared with net cash provided by investing activities of RMB60 million in 2023. Net cash provided by financing activities in 2024 was RMB26 million ($3.6 million), compared with net cash provided by financing activities in 2023 of RMB80.8 million.

In September 2022, in connection with its IPO, THCH issued 22.9 million warrants, consisting of 17.25 million public warrants (at a strike price of $11.50) and 5.65 million private placement warrants. In June 2023, the company completed an exchange of all public and private warrants for 5.42 million common shares.

THCH does not pay a dividend, and we do not expect the company to initiate such a program in the foreseeable future.

MANAGEMENT

Yongchen Lu has been THCH's chief executive officer since its 2018 inception and a director since September 2022. Mr. Lu served as the chief financial officer of Burger King China from November 2012 to April 2018 and previously was China representative for Cartesian Capital Group, a global private equity firm. Mr. Lu is a certified Six Sigma Black Belt and holds a bachelor's degree in international finance from Shanghai Jiaotong University and an MBA from Tuck School of Business at Dartmouth College.

Peter Yu has been THCH's chairman since its 2018 inception and is a managing partner of Cartesian Capital Group. He was previously the founder, president, and CEO of private equity firm AIG Capital Partners Inc. (AIGCP), which became a leading international private equity firm, with more than $4.5 billion in committed capital, under his leadership. Prior to founding AIGCP, Mr. Yu served President Bill Clinton as director of the National Economic Council, the White House office responsible for developing and coordinating economic policy. Mr. Yu is a graduate of Harvard Law School and served as president of the *Harvard Law Review* and as a law clerk on the U.S. Supreme Court.

As of June 30, 2024, affiliates of Cartesian Capital Group owned approximately 50% of the outstanding ordinary shares.

As of January 2025, THCH's board of directors consisted of nine members. Most recently, in September 2024, Thiago Santelmo, President, International, of Restaurant Brands International (RBI) joined Tim's China's board.

RISKS

Risks to an investment in THCH include intense competition and the potential for pricing dynamics impacting sales and margins in China's coffee shop and food and beverage industries; sensitivity of inflation rates to the prices of commodity inputs to its products, labor, and transportation; reliance on continued favorable macroeconomic trends toward consumer discretionary spending on the out-of-home coffee and food categories; the need to continually develop new products that are accepted by its customers; and disruptions to its supply chain and technology systems, though we note that THCH has established a largely local supply chain. We also anticipate equity dilution over the coming years as recently issued convertible notes are converted to common shares.

VALUATION

With a recent market capitalization around $90 million, representing a decline of 50% over the past 52 weeks, we do not see THCH's valuation accurately reflecting its long-term growth potential in China's coffee market.

In our view, the near-term valuation has been pressured by the current market dynamics in China, which have resulted in unfavorable same-store-sales trends and declining revenues for THCH amid a price war and soft macroeconomic trends. Moving forward, we see the expansion of the total footprint, which has surpassed 1,000 locations, with most of the new locations coming from sub-franchises, many being smaller in format and with open kitchens, promoting an accelerated path to profitability. We think that the expansion of its loyalty programs and robust franchise interest from 6,200 applicants as of year-end 2024 are underappreciated by investors.

Further, we view THCH's narrowing cash burn positively, as it has largely completed the investment phase of its infrastructure build. We think that its improving store-level EBITDA growth and its outlook for corporate level adjusted EBITDA profitability in 2025 are likely to improve THCH's financial results and, in turn, investor sentiment over time.

Moving forward, although we see revenue growth challenged over the near term due to unfavorable market dynamics in China, we expect operating margins, operating cash flows, and profitability to all improve, supporting a more sustainable growth trajectory.

We value THCH in comparison with the leading public coffee companies operating in China. Primary players Starbucks (EV/2025 consensus revenue of 3.2-times) and Luckin Coffee (1.5-times) average 2.3-times as a group. We have removed Yum China Holdings Inc. from our group, given THCH's sale of its Popeyes restaurant business.

Since we expect THCH to grow at an attractive rate moving forward as it implements its sub-franchise model with a prioritization on profitability, we value the company at a modest discount to this average, given the balance sheet overhang and the still early stage of its footprint expansion efforts.

We apply a discount to peer multiple of 2.1-times our 2025 revenue estimate of RMB1.51 billion. After adjusting for net debt and assuming a fully diluted share count of 46 million, we arrive at a fair value of $6.00 per share.

Steve Silver,
Argus Research Analyst

INCOME STATEMENT

Growth Analysis (MIL, RMB)	2022	2023	2024	Q1 2025E	Q2 2025E	Q3 2025E	Q4 2025E	2025E	Q1 2026E	Q2 2026E	Q3 2026E	Q4 2026E	2026E
Revenue	1011.1	1575.8	1391.2	357.7	386.8	395.1	370.4	1510.0	378.6	413.9	431.9	410.7	1635.1
Operating Costs	1602.8	2277.0	1740.2					1671.5					1751.8
Operating Income	-591.7	-701.2	-348.1					-161.5					-116.8
Other Expense	163.5	171.6	109.2					-17.0					-17.0
Pretax Income	-755.2	-872.8	-458.3					-178.4					-134.0
Tax Rate (%)	NA	NA	NA					NA					NA
Net Income Attributable to THCH	-753.1	-876.2	-409.0					-178.4					-134.0
Weighted Diluted Shares	25.6	30.5	32.5					33.0					33.0
EPS (RMB)	-28.99	-28.41	-12.70	-1.87	-1.23	-1.03	-1.28	-5.41	-1.44	-0.84	-0.75	-1.04	-4.07
EPS (USD)	-4.06	-3.98	-1.78	-0.26	-0.17	-0.14	-0.18	-0.76	-0.20	-0.12	-0.11	-0.15	-0.57
Dividend	NA	NA	NA					NA					NA
Growth Rates (%)													
Revenue	57	56%	-12%					9%					8%
Operating Income	NM	NM	NM					NM					NM
Net Income	NM	NM	NM					NM					NM
EPS	NM	NM	NM					NM					NM
Valuation Analysis													
Price ($): High	52.75	33.6	9.05					NA					NA
Price ($):Low	12.70	7.15	2.78					NA					NA
PE: High	NA	NA	NA					NA					NA
PE: Low	NA	NA	NA					NA					NA
PS: High	NA	NA	NA					NA					NA
PS: Low	NA	NA	NA					NA					NA
Yield: High	NA	NA	NA					NA					NA
Yield: Low	NA	NA	NA					NA					NA
Financial & Risk Analysis (MIL, RMB)													
Cash & Securities	614.9	227.0	184.2					NA					NA
Working Capital	-521.5	-937.2	-1118.8					NA					NA
Current Ratio	0.6	0.3	0.3					NA					NA
LTDebt/Equity (%)	NA	NA	NA					NA					NA
Total Debt/Equity (%)	NA	NA	NA					NA					NA
Ratio Analysis													
Store Level Adjusted EBITDA	-4.3%	4.9%	7.4%					12.6%					15.1%
Corporate Adjusted EBITDA	-31.4%	-15.6%	-6.9%					2.0%					4.6%
Adjusted EPS (RMB)	-17.59	-13.50	-8.79					-4.32					-2.97
Return on Assets (%)	NM	NM	NM					NM					NM
Return on Equity (%)	NM	NM	NM					NM					NM
Op Inc/Int Exp	NM	NM	NM					NM					NM
Div Payout	NA	NA	NA					NA					NA

DISCLAIMER

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