

九毛九

**JIUMAOJIU GROUP**

**James Reynolds**

Tenebrist Global, LP

This document contains highly confidential information regarding the portfolio, strategy and organization of Tenebrist Global Management, LLC ("Tenebrist" or "TGM"). Your acceptance of this document from Tenebrist constitutes your agreement to (i) keep confidential all the information contained in this document ("Confidential Information") and not disclose any such Confidential Information to any other person, (ii) not use any of the Confidential Information for any purpose other than to consider or monitor investments in the Fund managed by Tenebrist, (iii) not use the Confidential Information for purposes of trading any security, (iv) not copy this document without the prior consent of Tenebrist, and (v) promptly return this document and any copies hereof to Tenebrist upon Tenebrist's request.

This document is for informational purposes only and nothing herein should be viewed as an offer, solicitation of an offer or recommendation to buy or sell an interest in the Tenebrist Global Fund, L.P. (the "Fund") mentioned in this document. Any offer of an interest in the Tenebrist Fund will only be made by means of an offering memorandum as it may be amended, supplemented or restated from time to time (the "Offering Memorandum"), which would contain material information (including certain risks of investing in the Fund) not contained in this document and which would supersede and qualify in its entirety the information set forth herein. Any decision to invest in the Fund should be made after reviewing the Offering Memorandum, conducting such investigations as the investor deems necessary and consulting the investor's own legal, accounting and tax advisors in order to make an independent determination of the suitability and consequences of an investment in the Fund. None of the Fund or their affiliates makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this document and nothing contained in this document should be relied upon as a promise or representation as to past or future performance of the Fund.

Prospective investors should be aware that an investment in the Fund is speculative and involves a high degree of risk. There can be no assurance that the Fund's objectives will be achieved or that an investor will receive any return on its investment in the Fund. The Fund's performance may be volatile. An investment should only be considered by persons who can afford a loss of their entire investment. The Fund expects to invest substantially in equity securities. The value of these securities generally will vary with the performance of the issuer and movements in the equity markets. In the event of the death, disability or departure of any of principals or other key members, the business and the performance of the Fund may be adversely affected. There is no organized secondary market for investors' interests in the Fund, and none is expected to develop.

Past performance is no guarantee of future results. All of the specific securities identified and discussed in this presentation represent current holdings of the Fund. The specific securities do not represent all of the securities purchased, sold or shorted by the Fund. The audience should not assume that investments in the securities identified and discussed were or will be profitable. The purchase of these securities only will not create a diversified portfolio. It should not be assumed that purchases, sales or shorts or made by the Fund in the future will be profitable or will equal the performance of the securities provided in this list. Performance calculations in this presentation are unaudited and have not been verified by any unaffiliated third party. Performance reflects the reinvestment of all income and dividends and is presented net of all brokerage and other transaction costs, management fees, performance allocation, legal fees, administration fees, audit and tax fees and other expenses charged to the Fund.

This presentation contains forward-looking statements that relate to the targeted performance of the Fund and certain securities owned by the Fund. These forward looking statements may be identifiable by words such as, among others, "anticipate", "estimate", "expect", "hope", "believe" and similar expressions, and are located throughout this presentation. Prospective investors should be aware that these statements are estimates, reflecting only the judgment of Tenebrist and prospective investors should not place reliance on any forward looking statements. Actual results and events could differ materially from those contemplated by these forward looking statements as a result of factors. Neither the Fund nor Tenebrist undertakes any obligation to update or revise the forward looking statements contained in this presentation to reflect events or circumstances occurring after the date of this presentation or to reflect the occurrence of unanticipated events.



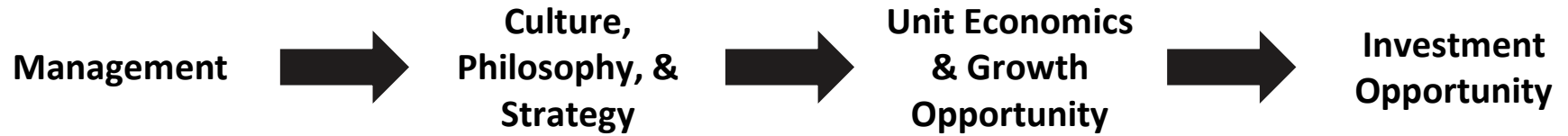
**Founder, CIO - Tenebrist Global, LP (March 2020 - Present)** - Hyperconcentrated, long/short, focused on innovative global hypergrowth businesses. +87% net since mid June 2020 Launch.



**Head of Investment Research - ShawSpring Partners (2015-2020)** - \$2B Concentrated Internet Fund. Led investments in Carvana (CVNA), Sea Limited (SE), Match Group (MTCH) and authored quarterly letters 2017-2019. 30%+ CAGR since inception.



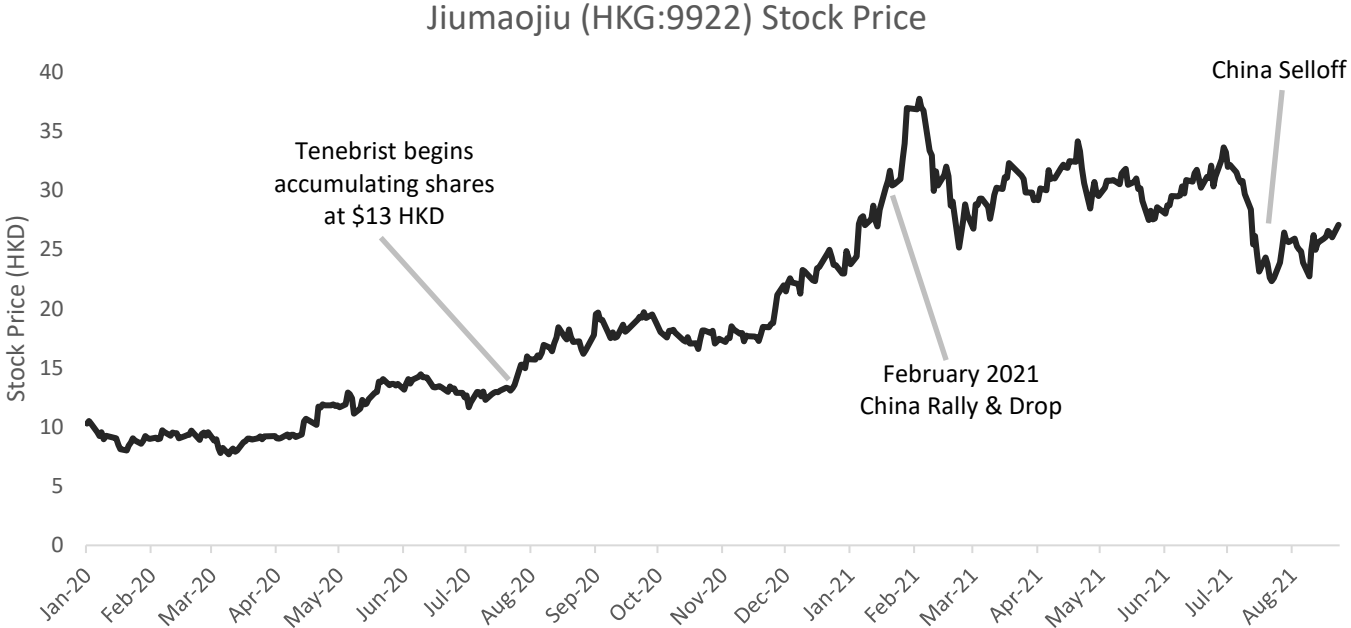
**B.A. / M.A. - Boston University (2011-2015)**



- **1995** - Founder Guan Yihong (right) starts first restaurant: “Shanxi Noodle House.”
- **2003** - Guan Yihong launches Jiumaojiu brand.
- **2015** - Jiumaojiu launches Tai Er concept
- **2017** - Jiumaojiu hits 100th store.
- **2019** - Tai Er hits 100th store.
- **2020** - Hong Kong IPO raises \$270m USD.



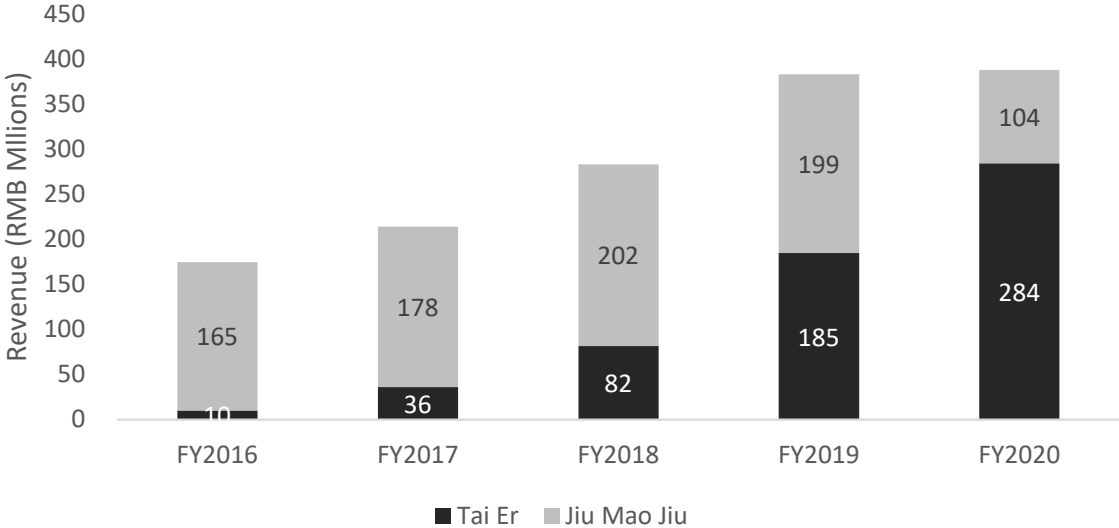
CFO Li Zhuoguang, and Founder Guan Yihong



- **Ownership & Alignment** - Guan Yihong owns 46% of JMJ, Store Managers own 15%.
- **McDonald's DNA** - Many former McDonalds employees bringing simplification, standardization, and customer knowledge to fuel expansion.
- **Innovation** - Company is always testing new brands like Song Hotpot and reviving underperforming concepts.
- **Young & Empowered** - Tai Er hires fresh college graduates for store manager positions. Rapid growth and internal hiring means rapid promotion and responsibility.



### Revenue Breakdown



Tai Er: Rapid Growth Enabled by The Most Ridiculous Unit Economics in the Restaurant Industry.



太二

Chinese Sauerkraut Fish

老坛子酸菜鱼

- Very clean, contemporary aesthetics. Engraved wood, black/white imagery, waiters more brand ambassadors than waiters since customers order with QR codes.
- Millennial brand - Tai Er great at social media marketing and gathering customer feedback via social media channels like WeChat.



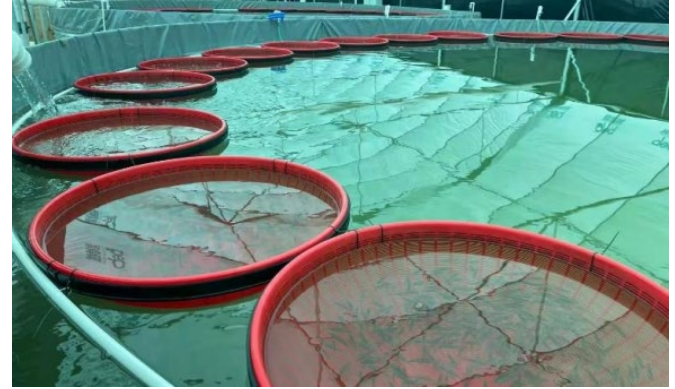
- Tai Er only provides limited SKUs to suit the fast-paced lifestyle of its young customers
- **Pickled / Sauerkraut Fish Soup (120 RMB)** - Bass, chiles, sauerkraut pickled cabbage.
- **Two Appetizers** - 25 RMB Each
- **Three Teas** - 15 RMB Each.
- **Rice** - 10 RMB
- **Total** - 225 RMB or \$34.



- **No Waiters or Chefs = Low Labor Costs** - QR code ordering means no need for dedicated waiters. Kitchen used to prep food not create from scratch because of central kitchens means no need for expensive, experienced chefs.
- **High Table Turnover** - These factors lead to quick ordering (5-10 mins) and quick preparation/serving (10 mins) so tables can be done in less than one hour.
- **Best in Class UE** - Tai Er has better table turnover, labor productivity, and thus unit economics than the China restaurant blue-chip stock Haidilao (HKG:6862).



- Tai Er has a simple menu with few ingredients that it can buy in bulk. It has created JVs with its suppliers to control price, quality, food safety, and quantity.
- Tai Er is vertically integrated into fresh bass farming (top right) and cabbage pickling (bottom right) and wants to launch JVs with rice and chile suppliers soon.
- Tai Er leverages central kitchens which consolidate and prepare ingredients for the restaurants. Sauerkraut fish is hard to prepare so its better done centrally.

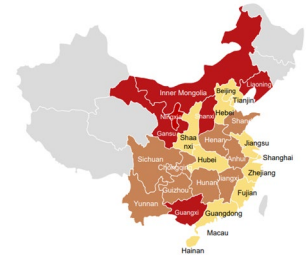


Tai Er Unit Economics	RMB	USD
Opening CapEx	2,250,000 RMB	\$335,000
Tables per Restaurant	33	
Table Turnover	5x	
Tables Served	165	
Customers per Table	3	
Customers per Day	500	
(x) Avg Ticket	75 RMB	\$11.25
(=) Revenue per Day	37,500 RMB	\$5,625
(x) 365 Days		
(=) Revenue per Year	13,687,500 RMB	\$2,053,125
(-) Food Costs	5,475,000 RMB	\$821,250
(=) Gross Profit	8,212,500 RMB	\$1,231,875
(-) Labor	2,000,000 RMB	\$300,000
(-) Rent & Utilities	1,700,000 RMB	\$255,000
(-) Taxes (25% rate)	1,125,000 RMB	\$170,000
<b>Contribution Profits</b>	<b>3,387,500 RMB</b>	<b>\$506,875</b>
<b>Contribution Margin</b>	<b>25%</b>	<b>25%</b>
<b>Payback Period (Months)</b>	<b>7.9</b>	<b>7.9</b>

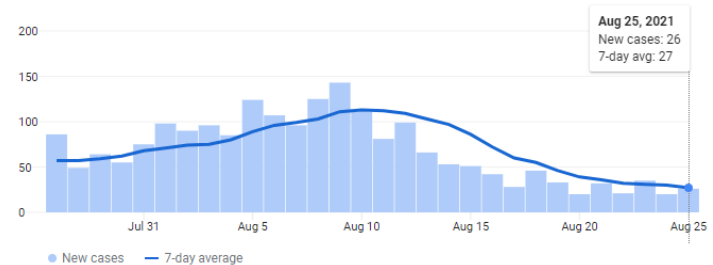
- **Low Mall Penetration** - There are 13,000 malls in China & 3,000 are considered premium. We and management think the concept will work outside malls as well. Haidilao has 1,600 stores growing 70%, Tai Er has 350.
- **Menu Expansion** - Tai Er recently rolled out a second spicy beef entree. Additional pricier dishes will drive increased average tickets .
- **New Concepts** - JMJ is testing a hotpot restaurant concept which could be the next growth engine.



- **Foodborne Illness** - Huge risk in restaurant industry (See: CMG). They've already been inspected for and take this very seriously. Oversight they get via JVs mitigates this.
- **Supply of Seabass** - This was original concern of ours because Tai Er growing at such rapid pace that suppliers may not be able to keep up at constant prices. Mitigated via JVs.
- **Competition** - There are other sauerkraut fish restaurants, some launched by JMJ formers. However, Tai Er consistently voted best sauerkraut fish restaurant with highest traffic so preferred by mall operators. Due to preparation intensity, this is not a dish we believe consumers make at home.
- **Cannibalization** - New stores could draw traffic from existing stores leading to deterioration in UE. We believe this is mitigated by Tai Er's mall focus as Tai Er is not the main destination.
- **Small Tables** - Tai Er doesn't let customers sit in groups larger than 4. Larger groups get split or have to leave which could deteriorate brand image and customer satisfaction.



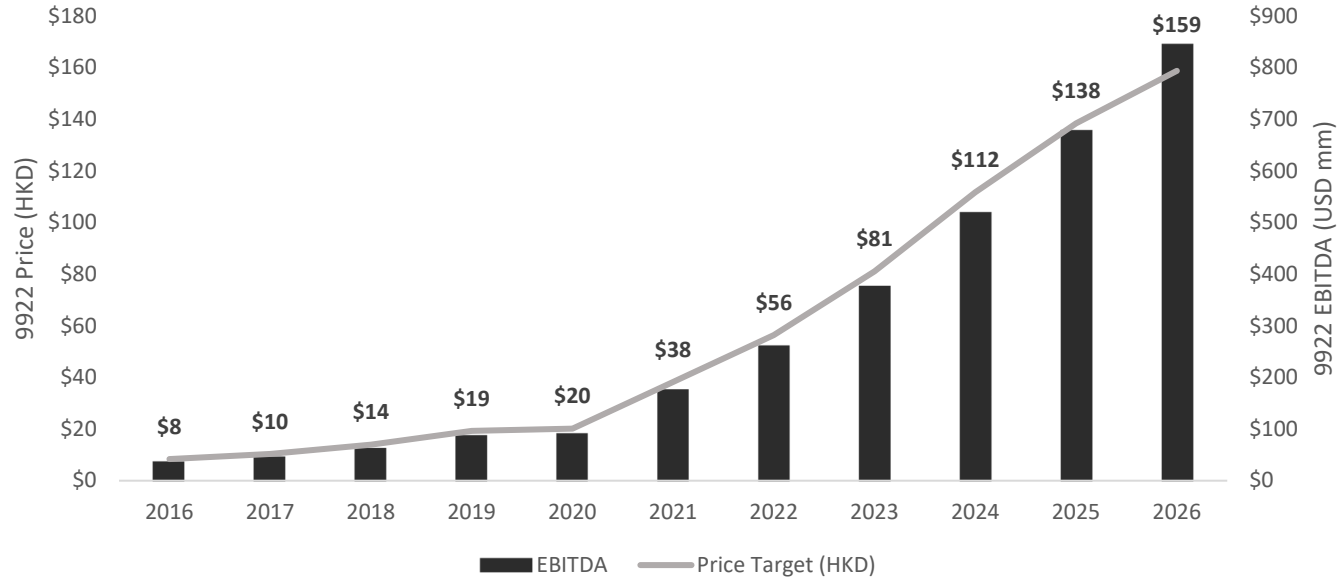
- **Broad China Selloff** - Our take is to invest in companies that are outside the CCP microscope like consumer discretionary (eg. Jiumaojiu). KWEB ETF to the right.
- **CV-19 Delta Variant** - Unpredictable, but ultimately not impactful long-term to the Business' prospects. 2020 was amazing opportunity to invest in 9922 and seems like the summer spike is dying down.



# Jiumaojiu - Valuation

Valuation Comps		2021	2022	2023	CAGR
EBITDA	<b>Jiumaojiu</b>	<b>\$179</b>	<b>\$263</b>	<b>\$379</b>	<b>46%</b>
	Haidilao	\$1,057	\$1,638	\$2,109	41%
	Nayuki	\$124	\$168	\$238	39%
	Yum China	\$1,657	\$1,909	\$2,095	12%
	Wingstop	\$88	\$107	\$125	19%
	Domino's Pizza	\$905	\$985	\$1,084	9%
	Kura Sushi	\$5	\$9	\$14	67%
				<b>Enterprise Value</b>	
EV / EBITDA	<b>Jiumaojiu</b>	<b>27.4x</b>	<b>18.6x</b>	<b>12.9x</b>	<b>\$4,900</b>
	Haidilao	22.6x	14.6x	11.3x	\$23,850
	Nayuki	21.0x	15.5x	10.9x	\$2,600
	Yum China	13.4x	11.6x	10.6x	\$22,200
	Wingstop	64.8x	53.3x	45.6x	\$5,700
	Domino's Pizza	26.1x	24.0x	21.8x	\$23,600
	Kura Sushi	92.0x	51.1x	32.9x	\$460
<b>Peer Group Average</b>	<b>38.2x</b>	<b>26.9x</b>	<b>20.9x</b>		

## Jiumaojiu (HKG:9922) Forecast



## Q&A

Contact: [James@TenebristLP.com](mailto:James@TenebristLP.com)