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Nayuki Holdings Limited
2024 Interim Results Presentation

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I. Business overview

No significant increase of new self-operated store openings while closing down underperforming stores

Self-operated stores

1,597 stores

Opening est. 200 new stores this year, with no significant net increase expected

Franchised stores

297 stores

* Number of stores was as at the end of the period

Revenue is the main driving force behind store-level profitability

	For the six months ended 30 June				
		2024	2023	**2024**	2023
	Number of same stores (1) (#)	Average daily sales per store (RMB'000)		Store-level operating margin (2) (%)	
Shenzhen	171	**11.8**	16.0	**15.9**	24.5
Shanghai	67	**7.8**	12.4	**2.0**	17.1
Guangzhou	70	**8.8**	12.0	**10.9**	20.9
Wuhan	61	**7.4**	11.2	**9.0**	22.2
Xi'an	39	**10.8**	13.7	**19.1**	27.2
Beijing	55	**8.1**	12.8	**1.5**	15.8

	For the six months ended 30 June			
	2024	2023	**2024**	2023
	Average daily sales per teahouse(2) (RMB'000)		Store-level operating margin(3) (%)	
1st tier cities	**8.6**	13.8	**9.9**	21.2
New 1st tier cities	**6.6**	10.7	**6.9**	20.0
2nd tier cities	**6.7**	10.7	**8.2**	20.3
3rd tier and other cities	**6.8**	10.8	**10.8**	21.7

(1) Only self-operated stores that have been open for no less than 60 days in both the current and the same period last year, and have not closed at the end of the current period are included; unless otherwise specified, "store" means self-operated store.

(2) Only stores that have been open for no less than 60 days in, and have not closed at the end of, the current period are included.

(3) The operating profit margin of the stores shown in this table excludes the impact of one-time opening expenses.

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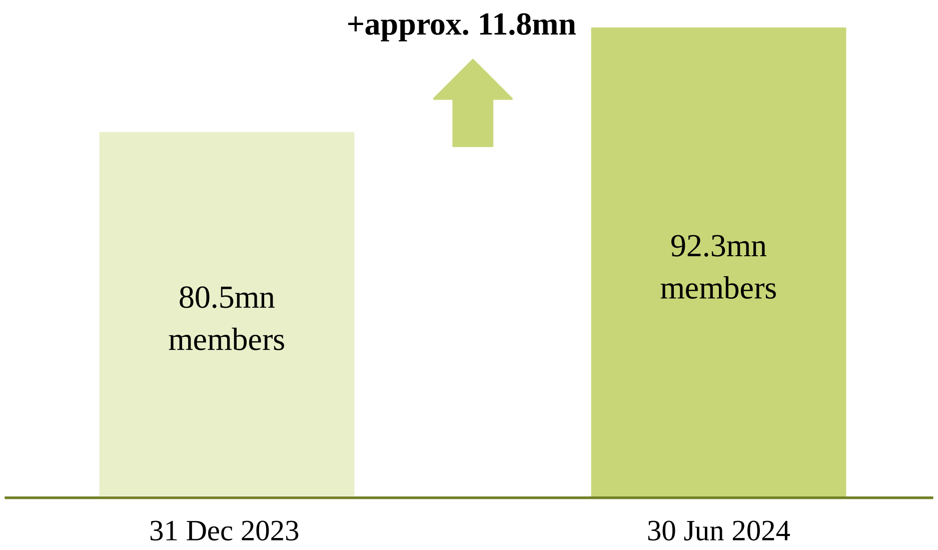
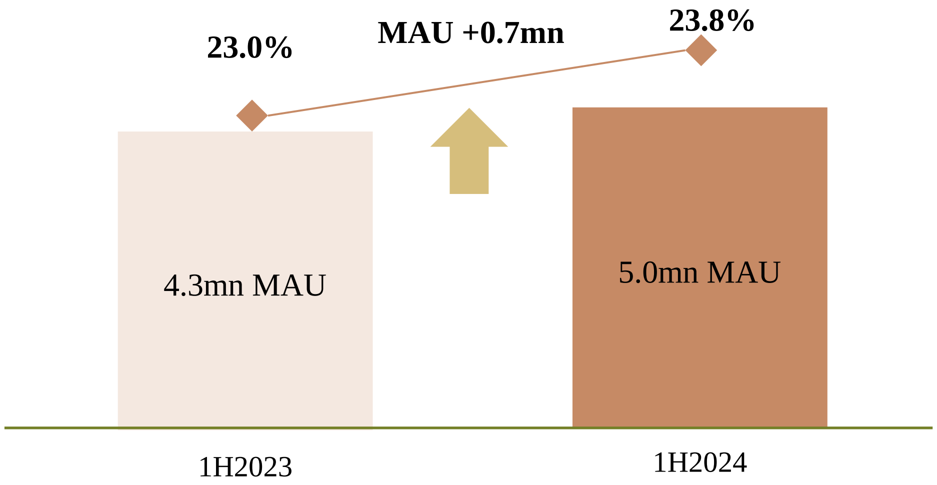
Membership continued to grow with a steady increase in repurchase rate

Membership continued to grow



Repurchase rate improved steadily

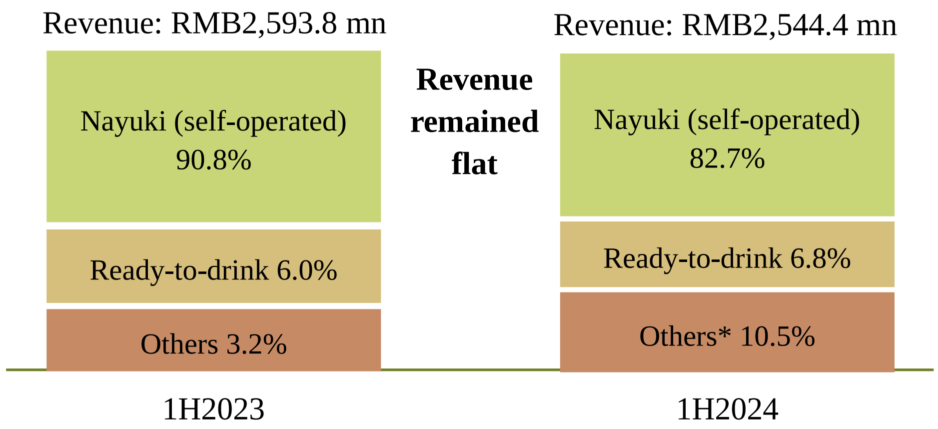


* Repurchase rate: the monthly average of the proportion of members who purchased company products at least twice per month to members who purchased at least once during the period.

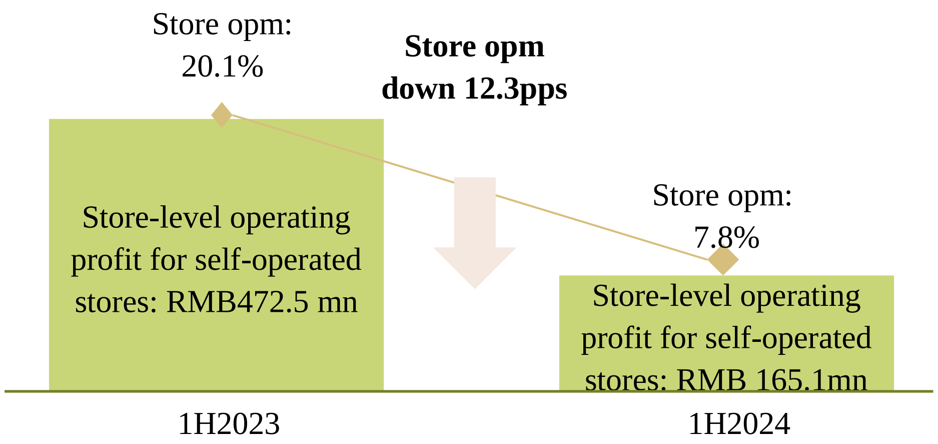
II. Financial performance

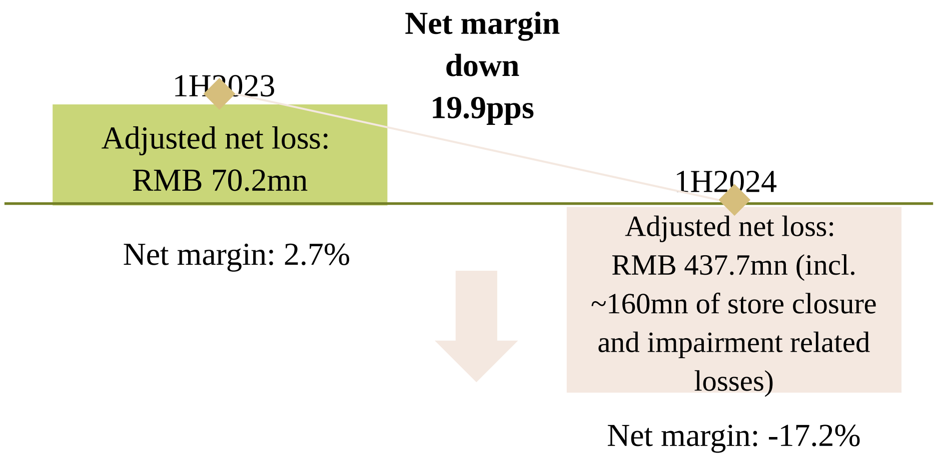
Lack of demand and pressure on revenue is the most pressing issue

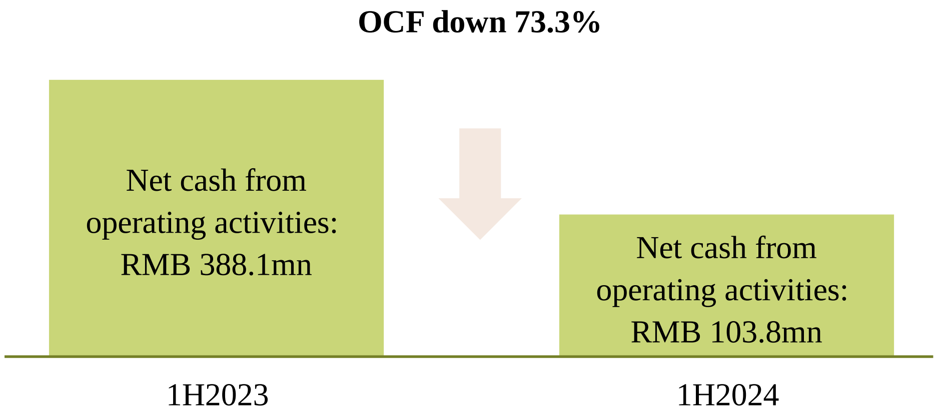
Revenue from stores under constant pressure



Significant decline in store margins due to operating leverage







* Revenue recorded from the franchise sector included

Franchise business grew gradually, delivery ratio stabilized at about 40%

* Revenue recorded from the franchise sector included

Significantly higher labor costs as a percentage in a tough revenue environment; other expenses up mainly by one-time impairment losses

(RMB mn; %)	**1H2024**	1H2023
Revenue	**2,544.4**	2,593.8
Cost of materials(1)	**933.0**	825.5
% of revenue	***36.7%***	*31.8%*
Staff costs:	**746.7**	685.6
% of revenue ↑	***29.3%***	*26.4%*
Nayuki teahouses	**518.8**	461.5
% of Nayuki revenue ↑↑	***24.7%***	*19.6%*
Ready-to-drink	**34.6**	36.2
% of RTD revenue ↓	***20.1%***	*23.1%*
Headquarters	**193.3**	175.3
% of revenue ↑	***7.6%***	*6.8%*
Depreciation of right-of-use assets	**233.8**	200.4
% of revenue ↑	***9.2%***	*7.7%*
Other rentals and related expenses	**140.4**	162.4
% of revenue ↓	***5.5%***	*6.3%*

	1H2024	1H2023
D&A of other assets	**174.4**	142.9
% of revenue ↑	***6.9%***	5.5%
Advertising and promotion expenses	**112.7**	74.1
% of revenue ↑	***4.4%***	*2.9%*
Delivery service fees	**170.1**	191.2
% of revenue ↓	***6.7%***	*7.4%*
Utility expenses	**76.4**	66.7
% of revenue →	***3.0%***	*2.6%*
Logistic and storage fees	**80.1**	68.6
% of revenue ↑	***3.1%***	*2.6%*
Other expenses(2)	**248.4**	117.3
% of revenue ↑↑	***9.8%***	*4.5%*
Finance costs(3)	**35.1**	34.0
% of revenue →	***1.4%***	*1.3%*

(1) Franchise segment included. Gross margin of self-operated Nayuki stores maintained relatively stable.

(2) The increase was mainly from impairment losses.

(3) Mainly in the form of interest on lease liabilities as a non-cash item; the Company has no interest-bearing debt.

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III. Outlook

Outlook

Revenue lower due to weak demand, further impacting profitability

(%)	Mgmt account, 1H2024	Mgmt account, 1H2023
Store-level labor costs	24.6	19.6
Rent	17.1	14.4
Delivery service fees	8.1	8.0
Cost of materials, utility expenses, and D&A of other assets	42.4	37.9
Store-level operating margin	7.8	20.1

Our response

- Firm strategic positioning, adhere to the original intention, and serve customers with high-quality products and high-end brand image;
- Adhering to high-quality development, closing underperforming stores and not blindly expand into low-tier markets;
- Appropriately increasing marketing efforts to enhance brand reputation;
- Steadily promoting the franchise business; continued overseas expansion, with the excellent performance of the flagship store in Thailand further boosting confidence;
- Cautiously utilizing over RMB2.6 billion in capital, **looking for overall industry recovery and consolidation opportunities.**

Revenue recovery will contribute to the Group's profitability through operating leverage

(RMB'000; %)	**1H24 Avg**		**1H23 Avg**		**Taking cost optimization into consideration**	
Monthly revenue	219	100.0%	353	100.0%	353	100.0%
Store-level labor costs	54	24.6%	69	19.6%	65	18.3%
Rent	38	17.1%	51	14.4%	45	12.7%
Delivery service fees	18	8.1%	28	8.0%	28	8.0%
Cost of materials, utility expenses, and D&A of other assets	93	42.4%	134	37.9%	134	37.9%
Operating profit (margin)	17	7.8%	71	20.1%	81	23.0%

If revenue returns to 1H2023 level, based on 1,600 stores, taking into account the cost optimization over the past year: store operating profit is expected to improve by RMB100 mn or more per month

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