Nayuki Holdings Limited
2022 Annual Results Presentation

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I. Business overview

Milestones

Mar 2022
Store-level optimized thanks to gradual implementation of self-developed auto-scheduling system, etc.

June 2022
New 1-Litre products highly welcomed by consumers

Aug 2022
First "Nayuki Life" opened in Shenzhen

Sept 2022
Self-developed automatic tea-making machines completed roll-out as planned

Nov 2022
0-sugar mogroside recipe fully online

Dec 2022
Nayuki store count exceeded 1,000

奈雪的茶	**89 cities**	**1,068 stores**
TAIGAI 台盖	**2 cities**	**52 stores**

* Cities and number of stores were as at 31 December

We continued product innovation and improve consumers’ experience despite challenging environment

New experience from classic fruits

- While using classic fruits, we provide consumers with a new experience through changes in product format and new recipes;
- Products such as the Supreme 1-L Bucket of Melon were immensely popular after their launch.

Delicious and healthy, we have it both ways

- We insist on providing delicious and healthy products;
- All product lines started to include mogroside as a sugar substitute option, which is more expensive but low in calories, naturally extracted, and has good stability.

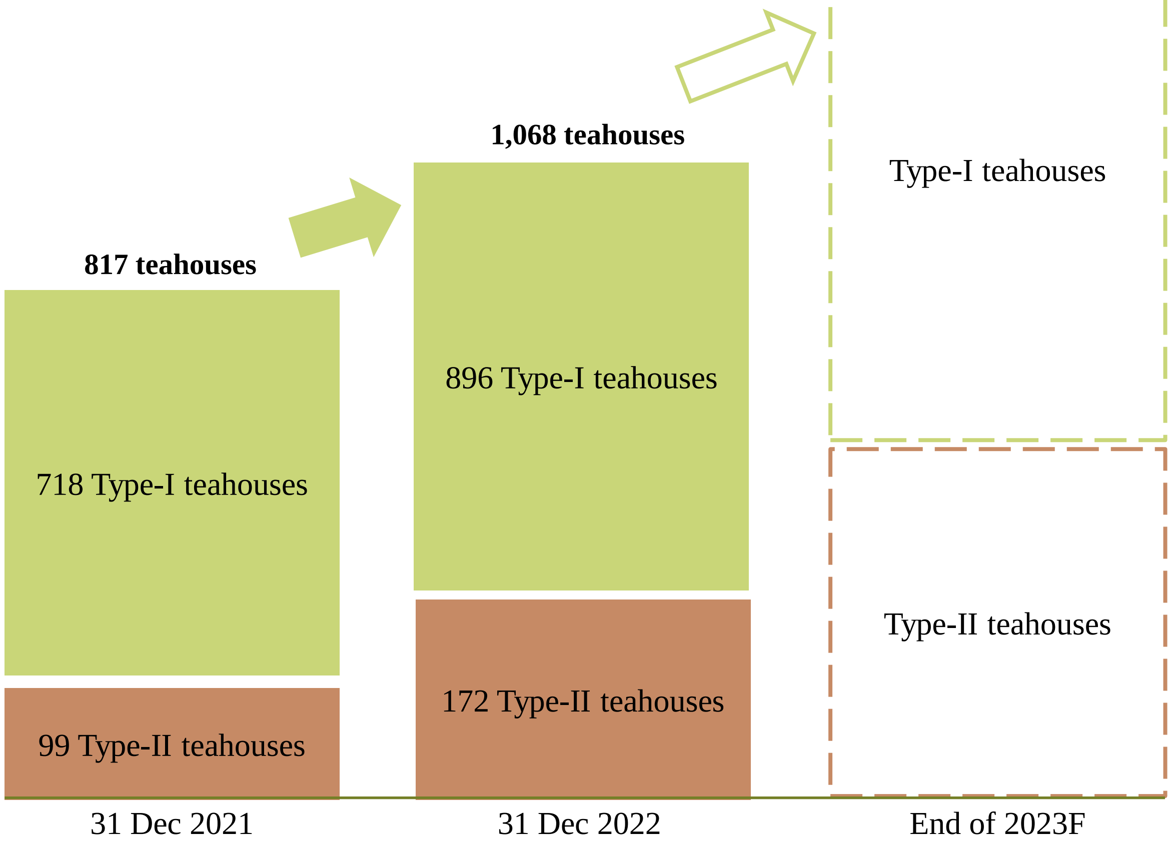
Collaborations scored huge hits

- We continued to look for collaboration partners that fit the brand image, and strive to create value for consumers of both brands;
- Collaborations with brands such as "A Dream of Splendor"(梦华录) and Xiaohongshu have achieved good results.

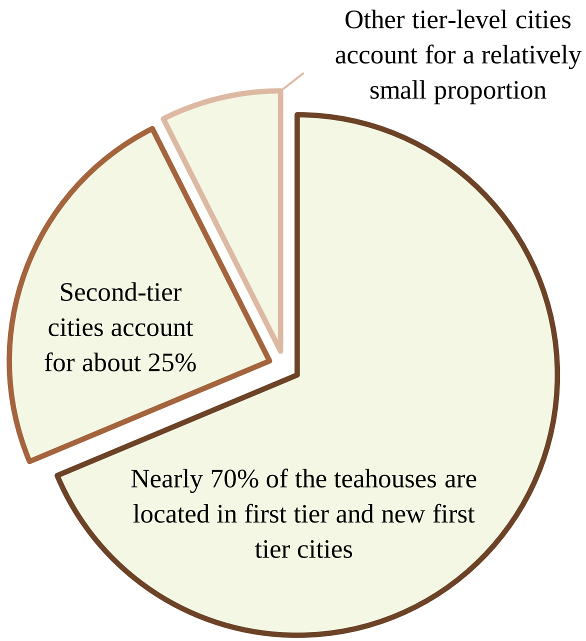
Thanks to sufficient capital and manpower reserves, we maintained a relatively stable expansion pace during the pandemic

A net increase of 251 Nayuki teahouses, mainly in existing cities

Seize the opportunity of recovery and open stores actively and steadily

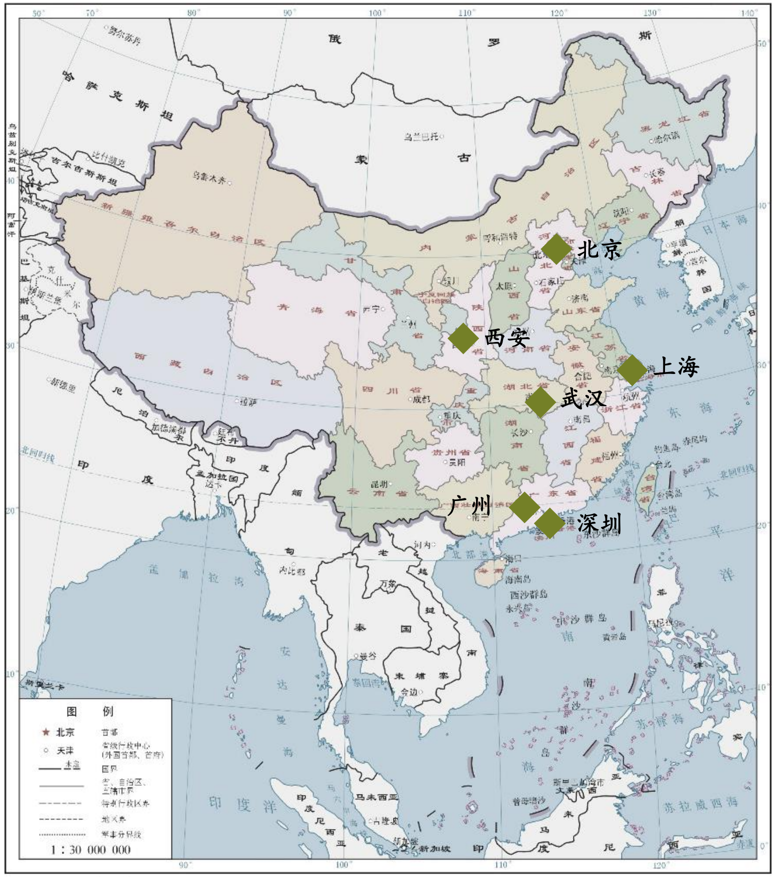


In the future, we will continue to increase store density in existing high-tier markets



All cities experienced significant impact due to COVID and consumption

中华人民共和国



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	Year ended 31 December				
		2022	2021	2022	2021
	Number of same stores (1) (#)	Average daily sales per store (RMB'000)		Store-level operating margin (2) (%)	
Shenzhen	134	18.1	23.4	17.5	21.8
Shanghai	53	12.4	18.2	1.3	12.8
Guangzhou	64	13.4	20.9	13.1	17.9
Wuhan	43	11.9	19.2	10.8	17.3
Xi'an	39	13.8	18.7	18.5	16.2
Beijing	42	13.3	21.1	4.7	7.7

(1) Only stores that have been open for no less than 60 days in both 2021 and 2022 and have not closed on 31 Dec 2022 are included.
(2) The operating profit margin of the stores shown in this table excludes the impact of one-time opening expenses.

With labor cost becoming more flexible, higher margin for Type-II teahouses possible thanks to lower rent

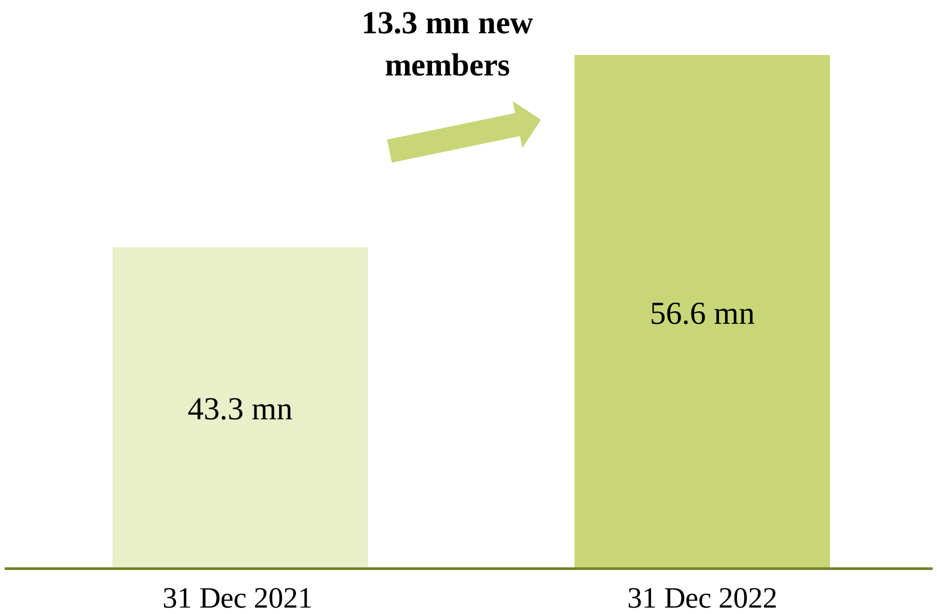
As of and the year ending 31 Dec 2022

	Number of teahouses [1] (#)	Average daily sales per teahouse (RMB'000)	Store-level operating margin[2] (%)
Type-I teahouses	827	13.3	12.5
Type-II teahouses	157	9.5	16.1

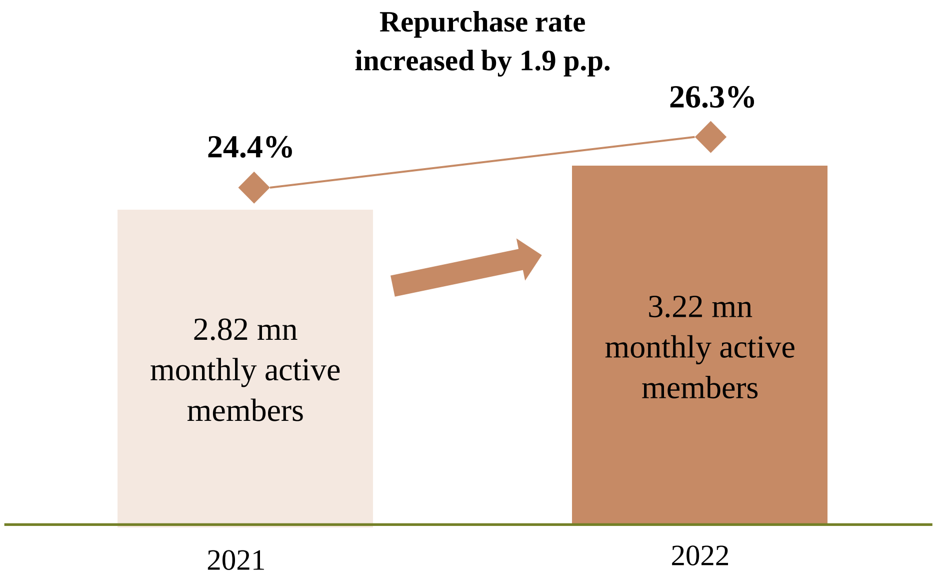
(1) Only stores that have been open for no less than 60 days have not closed on 31 Dec 2022 are included.
(2)The operating profit margin of the stores shown in this table excludes the impact of one-time opening expenses.

Membership base, activeness and repurchase rate continued to grow

Number of members continued to grow…



…with MAU improved as well



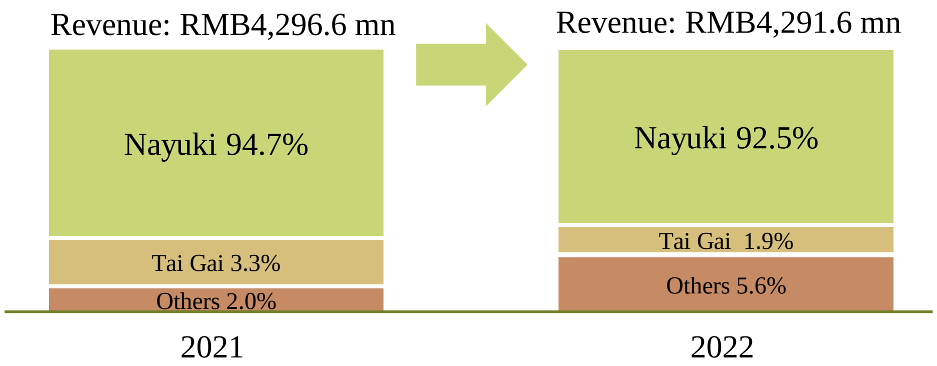
* Repurchase rate: the monthly average of the proportion of members who purchased company products at least once per month to members who purchased at least twice.

II. Financial performance

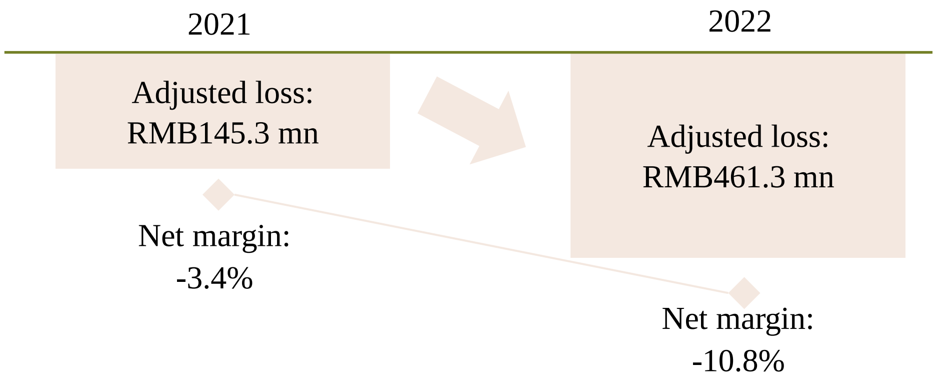
Full year loss within expectation, while positive operating cash flow safeguarded operations

RMB4.6+ mn loss due to strong external pressure

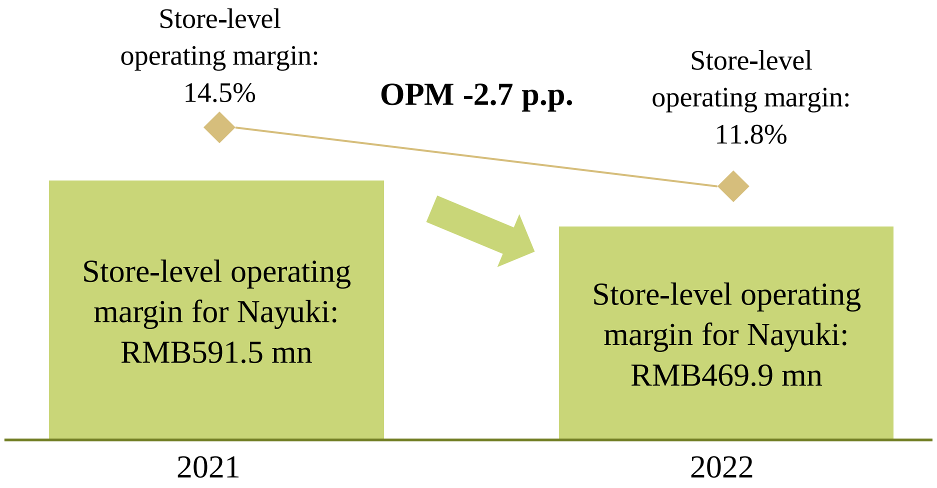
Revenue -0.1%



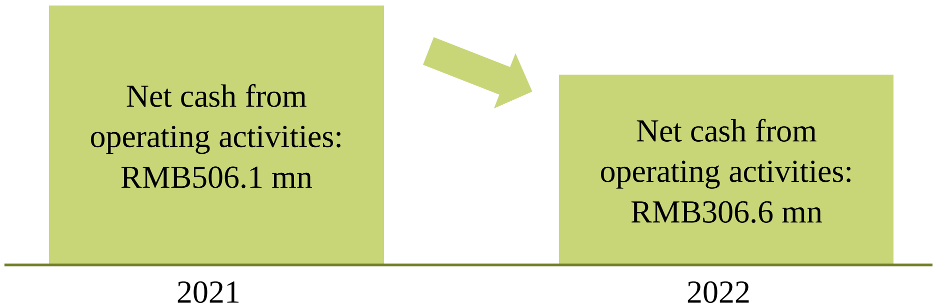
Weak consumption and COVID contributed to increased loss



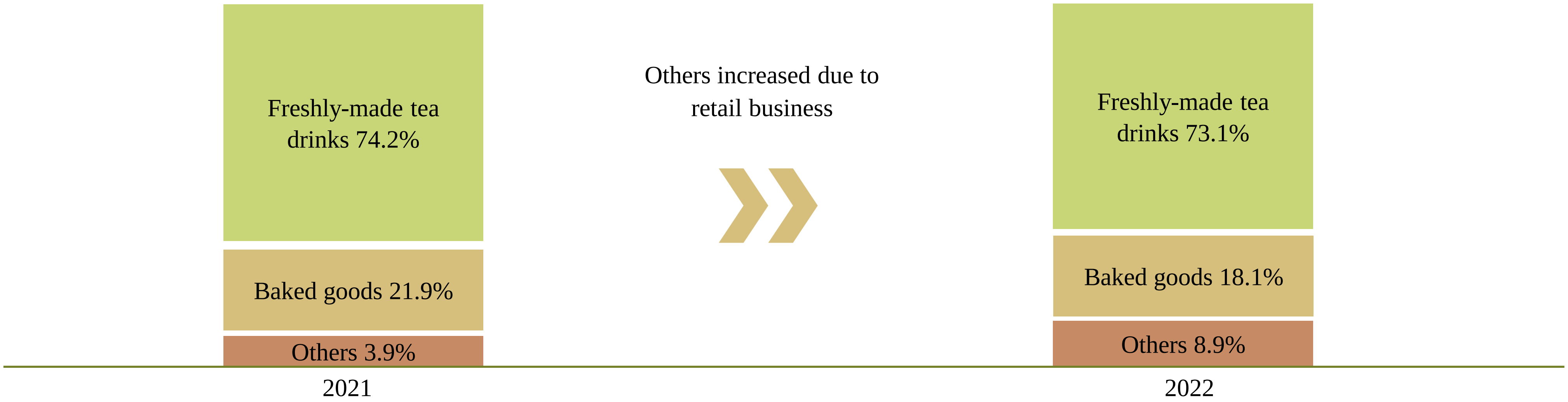
Maintained positive operating cash flow in a difficult market environment



OCF -39.4%



Rapid normalization of delivery % post-COVID drove down delivery service fee ratio



Despite top line pressure leading to high % of D&A, etc., labor improved significantly while cost of materials, rent maintained stable

(RMB mn; %)	2022	2021
Revenue	**4,291.6**	4,296.6
Cost of materials	**1,416.1**	1,440.7
% of revenue	***33.0%***	*33.5%*
Staff costs:	**1,362.1**	1,424.4
% of revenue	***31.7%***	*33.2%*
Nayuki teahouses	**931.1**	1,049.0
% of Nayuki revenue	***23.5%***	*25.8%*
Tai Gai teahouses	**28.5**	39.3
% of Tai Gai revenue	***34.6%***	*27.8%*
Headquarters	**402.5**	336.1
% of revenue	***9.4%***	*7.8%*
Depreciation of right-of-use assets	**434.9**	420.3
% of revenue	***10.1%***	*9.8%*
Other rentals and related expenses	**229.0**	213.0
% of revenue	***5.3%***	*5.0%*

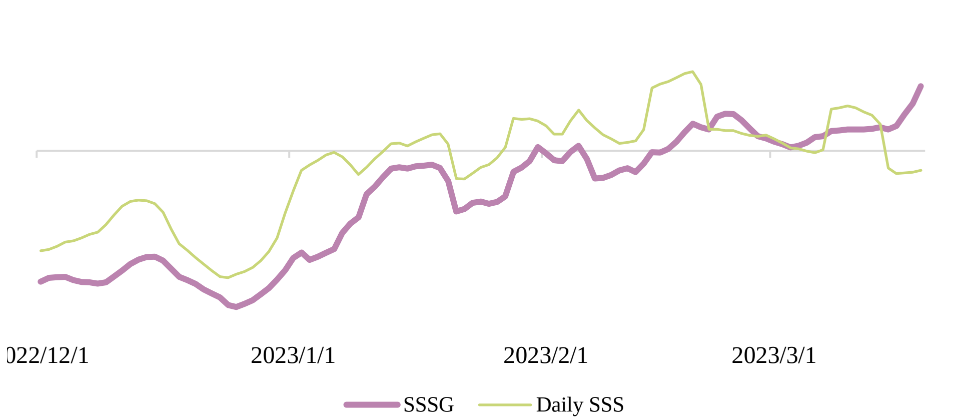
	2022	2021
D&A of other assets	**263.2**	204.0
% of revenue	***6.1%***	*4.7%*
Advertising and promotion expenses	**142.9**	111.6
% of revenue	***3.3%***	*2.6%*
Delivery service fees	**380.5**	259.0
% of revenue	***8.9%***	*6.0%*
Utility expenses	**113.6**	90.8
% of revenue	***2.6%***	*2.1%*
Logistic and storage fees	**123.1**	90.5
% of revenue	***2.9%***	*2.1%*
Other expenses	**249.6**	176.3
% of revenue	***5.8%***	*4.1%*
Finance costs*	**80.3**	91.6
% of revenue	***1.9%***	*2.1%*

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

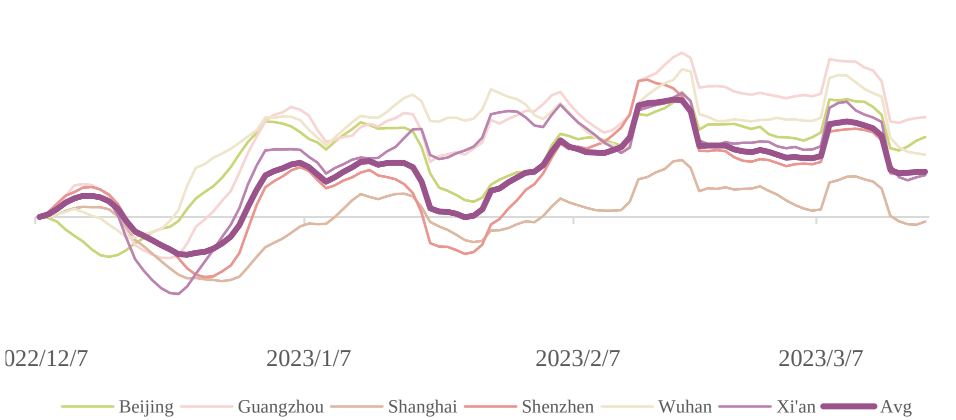
III. Outlook

From all dimensions, revenue is gradually improving post-COVID, and consumption is recovering

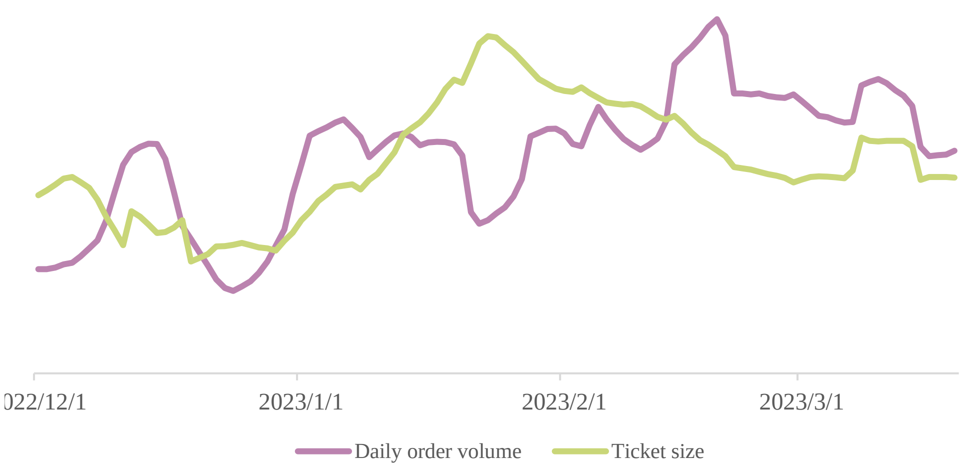
National performance rapidly improved post-COVID



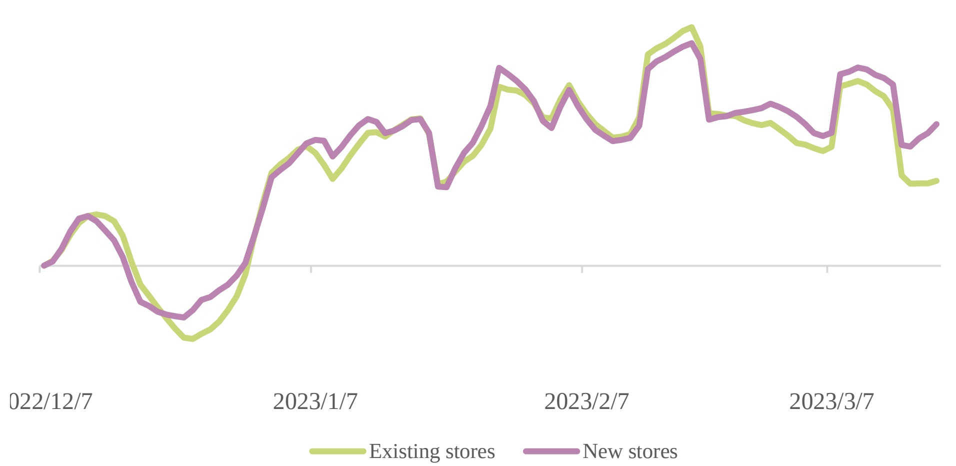
All areas were on the track of recovery



Both ticket size and volume increased



Both existing and new stores exhibited similar recovery trend, with little sign of cannibalization as we are opening new stores



* Horizontal comparison of the same indicator has been standardized to better show marginal changes. (When appropriate) 7-day rolling averages were used to reduce weekend effects.

奈雪的茶

Nayuki teahouses achieved better UE model at below pre-COVID revenue level

(%)	2022 management account	Short-to-mid term outlook	Remarks	Jan-Feb 2023 management account
Cost of materials	31.1	31-32	Wastage, etc. will stabilize post-COVID, and the supply chain will continue to be optimized. The company will maintain a relatively stable gross margin	**Mostly consistent with the outlook**
Store-level labor costs	23.5	19	Digitization and automation continue to advance, and the Company is confident in meeting the guidance set in the 2022 interim report	**Mostly consistent with the outlook**
Real rent	15.5	13-14	The recovery in revenue has reduced the pressure on the rental cost of existing stores, and the rent of new stores has decreased. The Company is confident in meeting the guidance set in the 2022 interim report	**Mostly consistent with the outlook**
Delivery service fees	9.4	7-8	With offline consumption recovering and the increase of store density, consumers are more willing to enter our stores for consumption, and the proportion of takeaways has decreased.	**Slightly better than the outlook**
Utility expenses	2.7	2-3	Mostly a flexible cost. Without major surprises in revenue, its ratio will remain relatively stable	**Mostly consistent with the outlook**
D&A of other assets	5.9	6	Mostly a fixed cost. A higher revenue will directly lower its cost ratio	**Mostly consistent with the outlook**
Store-level operating margin	11.9	20	**We hope that Nayuki teahouses will maintain a store operating profit margin of around 20% in the short to medium term**, and as costs continue to be optimized, profitability will improve steadily	

We have full confidence in a net profit at the Group level for FY2023

(%)	Short-to-mid term outlook	Remarks
Nayuki teahouses operating margin	20	（continued）
Mid/Back office labor (excl. retail sector)	5	**No new headcount in principle**, economy of scale hopeful as revenue grows
Advertising and promotion expenses	Relatively stable	Focus on attracting customers with products; marketing expense relatively stable
Logistic and storage fees	Relatively stable	Mostly in line with revenue growth, will continue to improve supply chain management
Operating profit, retail sector	Breakeven	Strictly controlling headcount growth, **retail sector will strive for a stable revenue growth and breakeven in 2023**
Operating profit, other sectors incl. Tai Gai and online shops	Slight profit	No detailed outlook is made due to small size compared to Nayuki teahouses and retail sector
Finance costs	Slight decrease	Mainly consists of interest on lease liabilities as a non-cash item; ratio expected to decrease year by year
Other expenses	Decrease	Travel, maintenance and other expenses are strictly controlled, and the ratio is expected to decrease
Income tax	25% applicable for most entities	/
Net margin		We have full confidence in a net profit at the Group level for FY2023

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