Nayuki Holdings Limited
2023 Interim Results Presentation

Disclaimer

This document is prepared by Nayuki Holdings Limited (“the Company”) for this presentation only, and the contents contained in this document are for reference only. The contents contained in this document are statements of historical facts and should not be regarded as any prediction or guidance of the Company's future results or performance. In addition to statements of historical facts, this document may contain certain forward-looking statements, and all forecasts, objectives, estimates and business plans (including but not limited to) that the Company forecasts or expects to occur in the future are forward-looking statements. The words "potential", "estimated", "expected", "probably", and other combinations or similar terms indicate that the relevant content is forward-looking statement. These forward-looking statements involve general or specific known and unknown risk factors, and most of them may not be controlled by the Company. Subject to such risk factors, the Company's actual future results or performance may differ materially from these forward-looking statements. You should carefully consider the relevant risk factors and do not rely on the forward-looking statements of the Company. The contents of this document shall be deemed to be appropriate to the circumstances at which this document was made and will not reflect or update significant developments that have occurred since the date of this document.

The contents of this document have not been independently verified, and the Company does not make any express or implied representations or warranties as to the fairness, accuracy, completeness, reliability or authenticity of any information or opinions contained in this document, nor should you rely on the information or opinions contained in this document. Neither the Company nor its financial advisers, or their respective directors, officers, employees, advisers or representatives and any other associates shall be liable for any loss arising from the use of or reliance on this document or other acts (whether negligent or not) in connection with the use of or reliance on this document. This document shall not be regarded as a consideration of investment objectives, financial position or the designation of any investor, nor shall it constitute a solicitation, offer or invitation to buy and sell any securities or related financial instruments.

This document is written in Chinese, and the English version is a translation of such. In case of discrepancy, the Chinese version shall prevail.

By accepting this document, you have read and agreed to comply with the requirements of this disclaimer.

I. Business overview

We had close to 1,200 self-operated Nayuki stores at 30 June

93 cities

Shenzhen	185	Guangzhou	84
Shanghai	76	Wuhan	70
Beijing	69	Chengdu	56

……

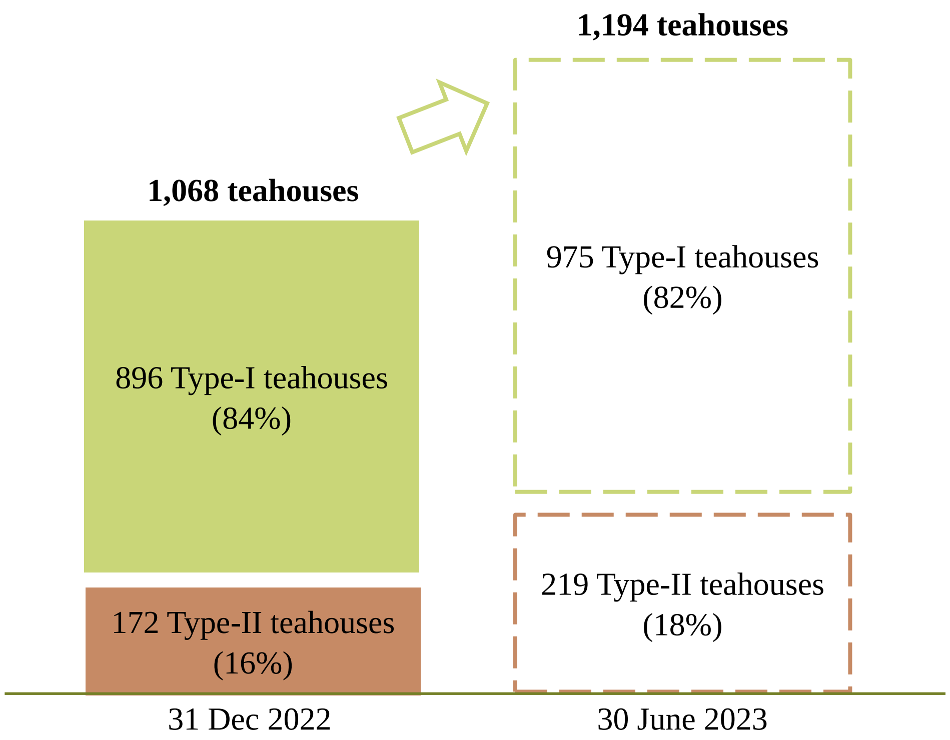
1,194 self-operated stores

1st / new 1st tier cities	824 stores (69%)
2nd tier cities	266 stores (22%)
3rd tier and other cities	104 stores (9%)

* Cities and number of stores were as at the end of the period

We continued to increase store density in existing markets, and expect promising outlook for the newly-started franchising segment

Net increase of 126 self-operated Nayuki stores



Began accepting franchise starting July, 2023

- We have signed franchise agreements with the first batch of partners and expect stores to open soon;
- We expect to disclose the performance of our self-operated and franchised businesses separately in the future to help investors understand the franchise model and make prudent investment decisions.

Cost reduction efforts finally bore fruit, shop-level operating margin improved significantly

	For the six months ended 30 June				
		2023	2022	2023	2022
	Number of same stores (1) (#)	Average daily sales per store (RMB'000)		Store-level operating margin (2) (%)	
Shenzhen	124	17.7	17.5	24.8	17.0
Shanghai	48	12.7	12.1	15.6	-11.1
Guangzhou	56	12.8	13.2	20.2	12.6
Wuhan	46	12.0	10.9	21.8	9.8
Xi'an	33	15.0	14.7	27.2	19.8
Beijing	44	13.3	12.2	14.6	1.7

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

Better operating margin from type-II stores materializing gradually, thanks to more flexible location and subsequent lower rent

As at and for the six months ended 30 June 2023

	Number of teahouses (1) (#)	Average daily sales per teahouse (RMB'000)	Store-level operating margin(2) (%)
Type-I teahouses	934	12.3	20.4
Type-II teahouses	192	9.3	22.0

As at and for the six months ended 30 June 2023

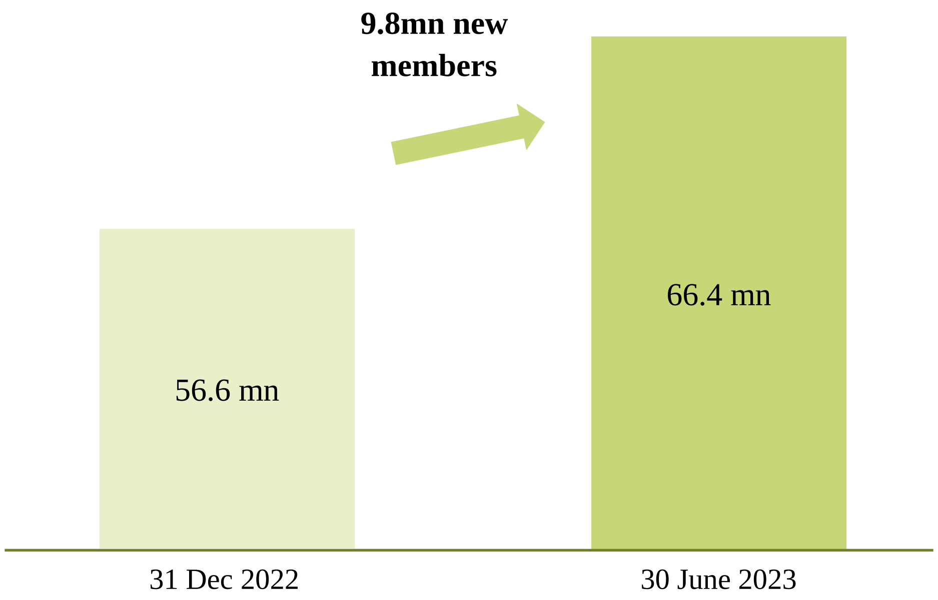
	Number of teahouses (1) (#)	Average daily sales per teahouse (RMB'000)	Store-level operating margin(2) (%)
1st tier cities	393	13.8	21.2
New 1st tier cities	379	10.7	20.0
2nd tier cities	256	10.7	20.3
3rd tier and other cities	98	10.8	21.7

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

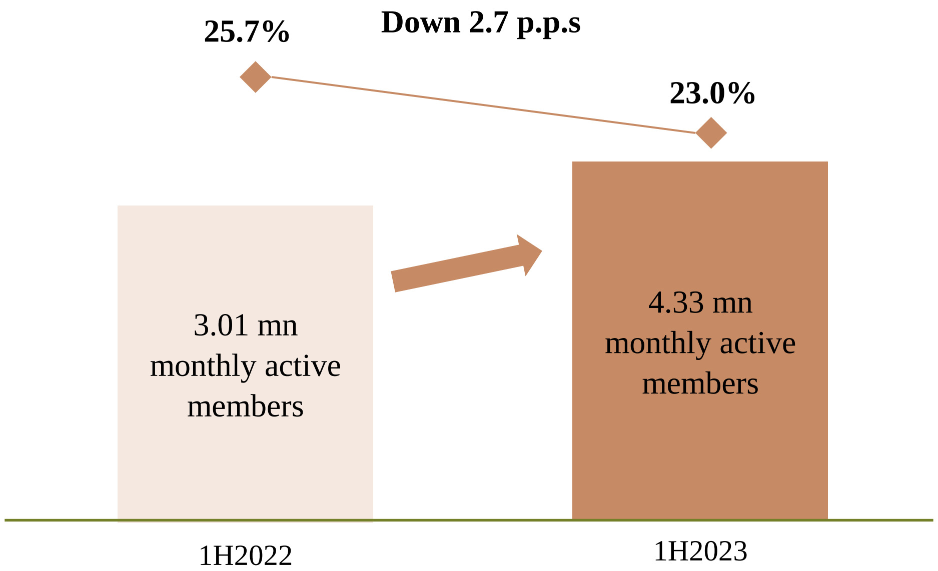
奈雪的茶

Membership base continued to grow while repurchase rate was at 23%

Membership base continued to grow



Monthly repurchase rate at 23%

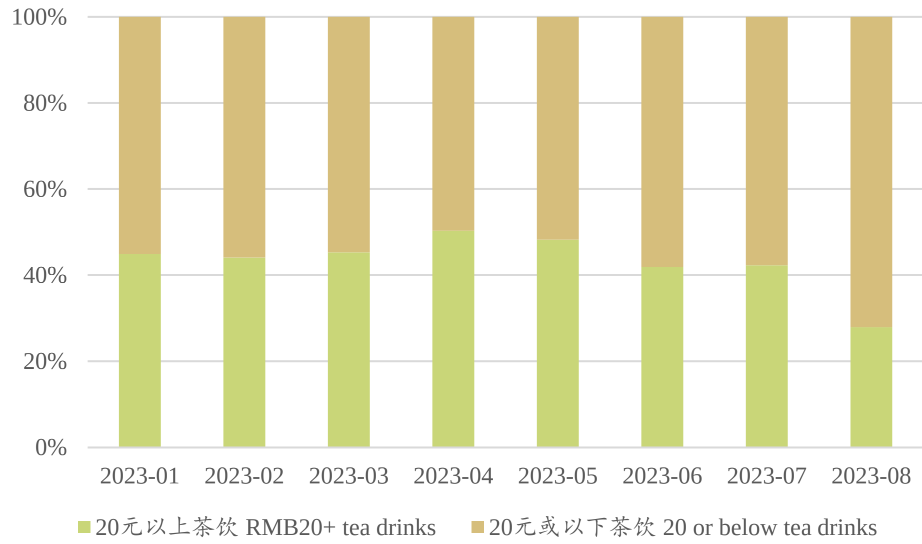


* Repurchase rate: the monthly average of the proportion of members who purchased company products at least once per month to members who purchased at least twice during the period.

We will continue to launch high-quality marketing campaigns and roll out products with good value for money to continue to attract consumers

New collaboration products were well received

We focused on high value for money products

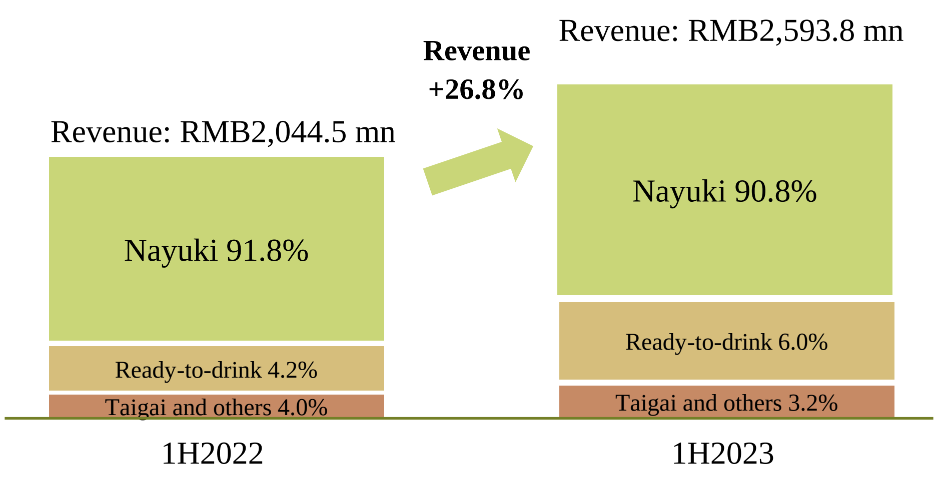


At present, almost all of our flagship drinks are priced at RMB9-19.

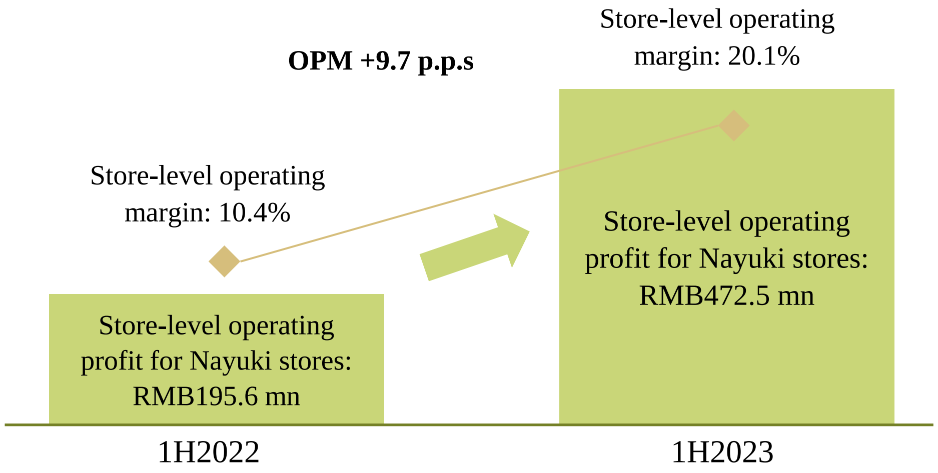
II. Financial performance

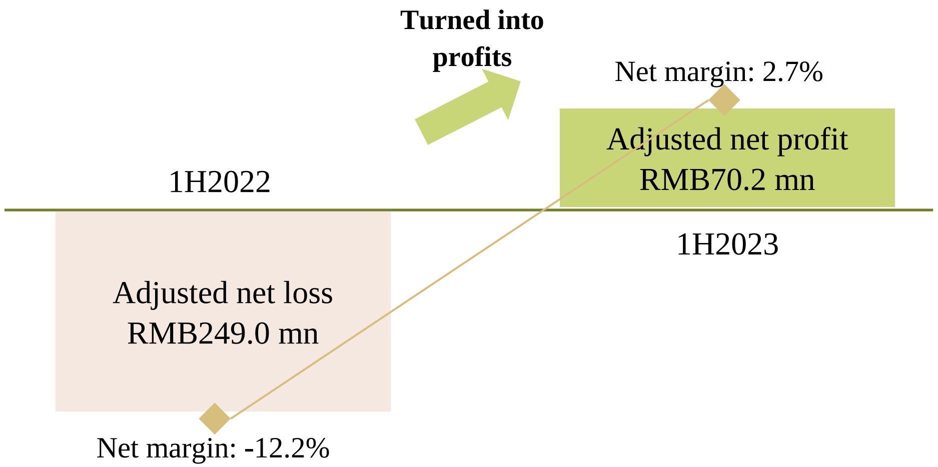
The Group turned into profits, and store-level profitability improved dramatically

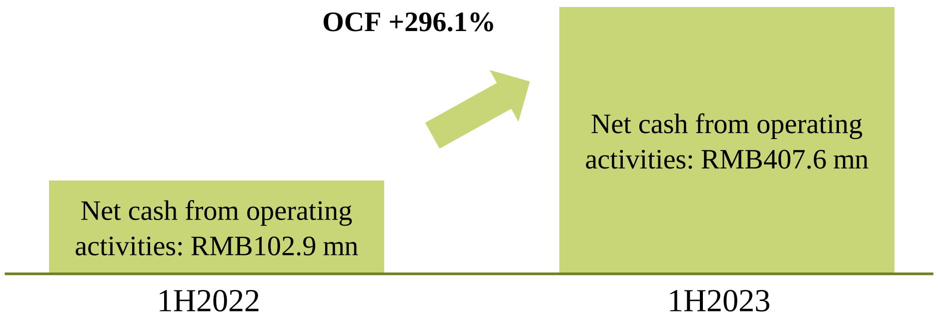
Group-level revenue and profit increased significantly and turned into profits



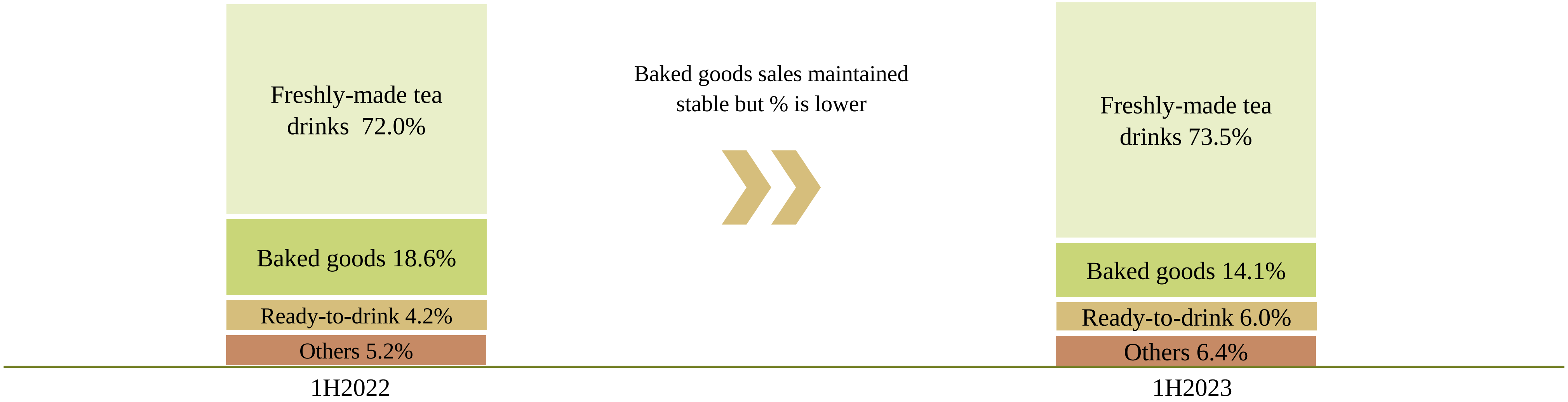
Store-level profitability and cash flow improved dramatically







Ready-to-drink segment increased in share, while delivery order % maintained relatively stable



All cost % significantly down, boosting profitability

(RMB mn; %)	**1H2023**	1H2022
Revenue	**2,593.8**	2,044.9
Cost of materials	**825.5**	648.4
% of revenue	***31.8%***	*31.7%*
Staff costs:	**685.6**	711.8
% of revenue	***26.4%***	*34.8%*
Nayuki teahouses	**461.5**	487.9
% of Nayuki revenue	***19.6%***	*26.0%*
Tai Gai teahouses	**12.6**	15.3
% of Tai Gai revenue	***38.0%***	*35.1%*
Ready-to-drink	**36.2**	N/A
% of RTD revenue	***23.1%***	*N/A*
Headquarters	**175.3**	208.6
% of revenue	***6.8%***	*10.2%*
Depreciation of right-of-use assets	**200.4**	221.4
% of revenue	***7.7%***	*10.8%*
Other rentals and related expenses	**162.4**	102.4
% of revenue	***6.3%***	*5.0%*

	1H2023	1H2022
D&A of other assets	**142.9**	126.2
% of revenue	***5.5%***	*6.2%*
Advertising and promotion expenses	**74.1**	75.2
% of revenue	***2.9%***	*3.7%*
Delivery service fees	**191.2**	163.1
% of revenue	***7.4%***	*8.0%*
Utility expenses	**66.7**	53.2
% of revenue	***2.6%***	*2.6%*
Logistic and storage fees	**68.6**	58.7
% of revenue	***2.6%***	*2.9%*
Other expenses	**34.0**	44.3
% of revenue	***1.3%***	*2.2%*
Finance costs*	**117.3**	104.1
% of revenue	***4.5%***	*5.1%*

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

III. Outlook

The Group has met and expects to maintain the store-level operating margin target in the future

(%)	1H2022 management account	Short-to-mid term outlook	1H2023 management account	Remarks
Cost of materials	30.2	31-32	29.6	Supply chain management continued to improve; baked goods % slightly down and overall gross margin slightly up
Store-level labor costs	26.0	19	19.6	Met the target of <20%
Real rent	16.0	13-14	14.4	Met the target of <15%
Delivery service fees	8.5	7-8	8.0	Delivery order % slightly up in Q2, but delivery service fees % overall still within expectation
Utility expenses	2.7	2-3	2.7	/
D&A of other assets	6.2	6	5.6	/
Store-level operating margin	10.4	20	20.1	Met the target of ~20%

Entering a new development phase of "self-operated + franchised", we plan to increase market share through franchised stores in low-tier cities

Self-operated stores will focus on high-tier cities…

…while franchised stores can penetrate deeper into low-tier cities

- Over the past few years, automated and digital controls have become more sophisticated, internal controls have been strengthened, and there is greater confidence in ensuring the protection of the brand image and food safety of franchised stores;
- Consumers are becoming more familiar with the franchise model, and the time is ripe to allow franchised stores.

Further increase market share

Improve brand recognition through denser stores

Provide better returns for shareholders

We will continue to adhere to our strategy of increasing store density through self-operated stores in high-tier cities, and expect to open ~500 new self-operated stores per year in the next 2-3 years.

It is expected that the gross margin of the franchised stores will be ~60%, which will provide reasonable returns to the shareholders of the Group while leaving ample room for profitability for quality franchisees in lower tier cities for a win-win situation. Franchised stores are expected to be able to achieve store-level margin of 20%+.

奈雪的茶