



# Nayuki Holdings Limited 2022 Interim Results Presentation



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# I. Business overview

## Nayuki exceeded 900 stores

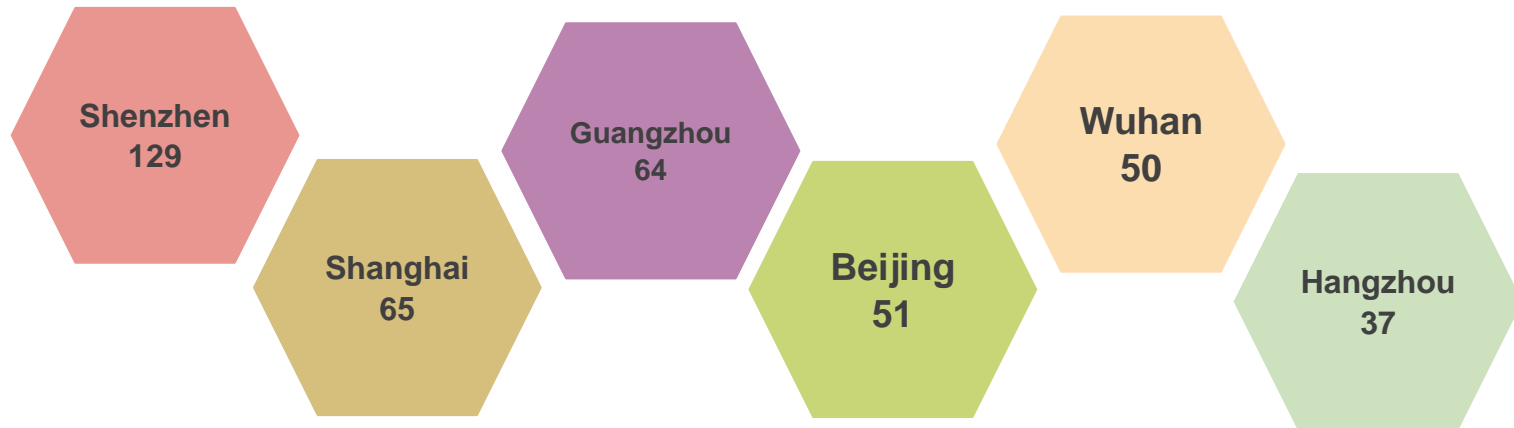


NAYUKI

85 Cities

904 stores

Top 6 cities in terms  
of store count



- As of 30 June, 2022, there were **609 stores in Tier 1 and new Tier 1 cities**, 209 in Tier 2 cities, and 86 in Tier 3 and other cities, increasing density in high-tier cities while also covering new cities.

# Innovative products and marketing help to cover wider range of customer groups with high quality-price ratio products

## New products

- % of sales of below-20 products steadily increased with more being offered
- Supreme Yangmei, Supreme Peach and Supreme Lychee entered top 3 at the month of rolling out respectively, surpassing classic Supreme products



## New experience

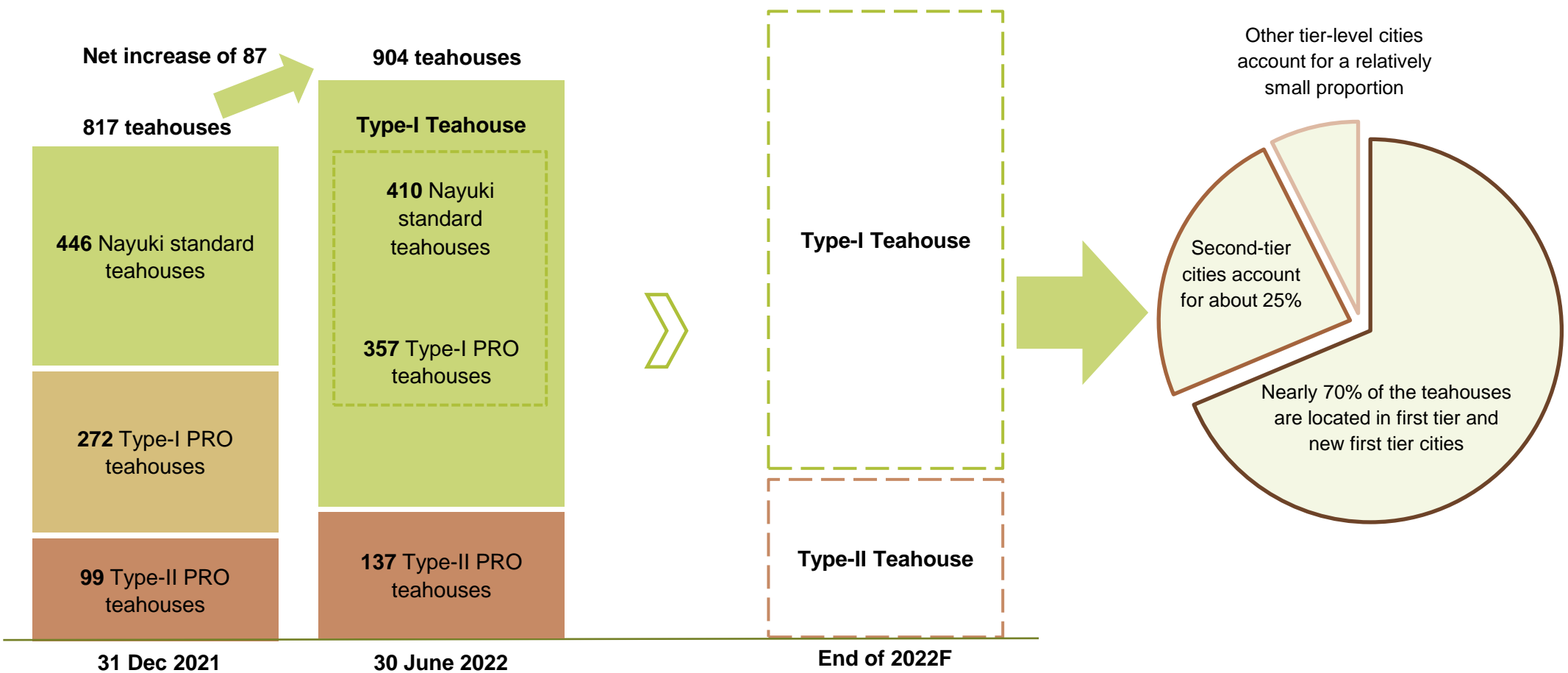
- Attracted customers with new “1-L buckets” products with high quality-price ratio
- Both Supreme 1L Peach and Supreme Bucket of Watermelon sold more than 1mn units within 1 week of introduction



# Optimized store type disclosure and continued to increase store density

- PRO format has been well verified;
- Existing standard stores will gradually be transformed into PRO stores;
- Thus, we will consolidate standard and Type-I PRO formats and no longer emphasize the difference in the future.

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



# COVID-19 impact felt across the nation, with more direct and significant impact in Shanghai and Beijing



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自然资源部 监制

## COVID-19 impacted store operations significantly, with mature markets being more resilient

6 months ended 30 June

		2022	2021	2022	2021
	Number of same stores <sup>(1)</sup> (#)	Average daily sales per store (RMB'000)		Store-level operating margin <sup>(2)</sup> (%)	
Shenzhen	88	18.8	25.4	17.2	25.5
Shanghai	34	11.9	20.2	-22.1	15.5
Guangzhou	27	15.9	23.1	12.7	22.0
Wuhan	24	13.8	24.0	9.9	21.1
Xi'an	20	17.2	21.6	20.1	21.1
Beijing	21	13.5	24.5	1.7	14.3

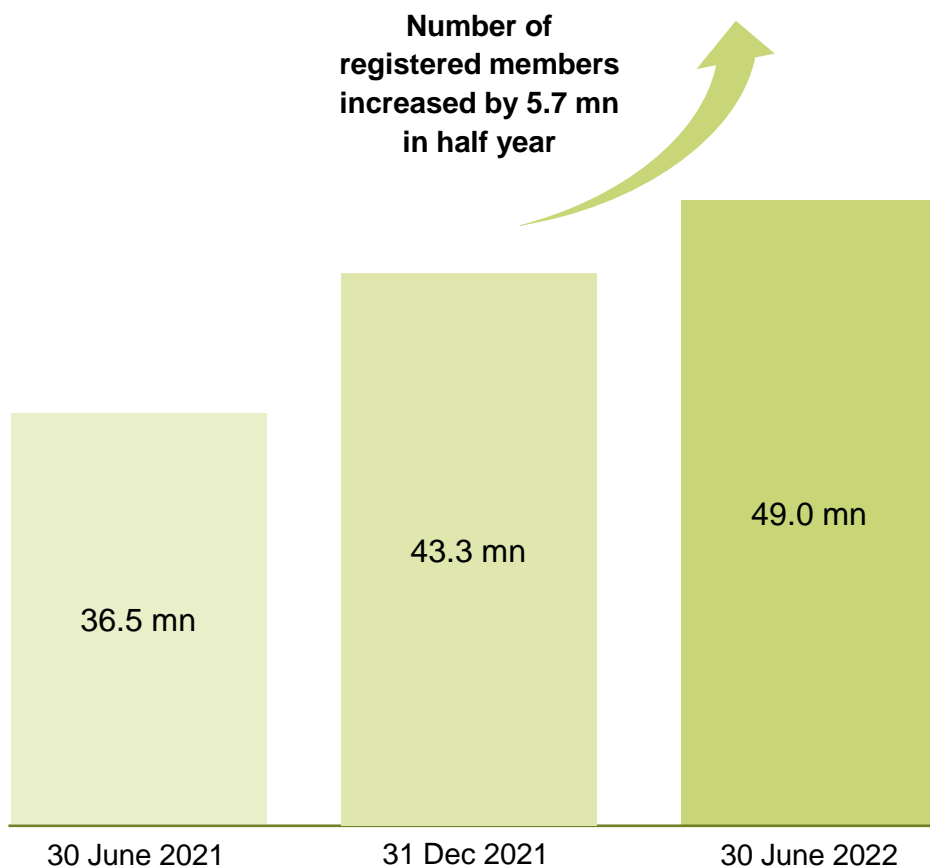
- COVID-19 remained greatest uncertainty, directly impacting store operations as well as consumers' confidence.
- Shenzhen maintained resilient with better brand recognition and higher store density; the Company will continue to increase store density.
- Flexibility continued to improve thanks to digitalization, leading to higher profitability amidst uncertainty.

(1) Only stores that have been open for no less than 60 days in both the first half of 2021 and 2022 and have not closed on 30 June 2022 are included.

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

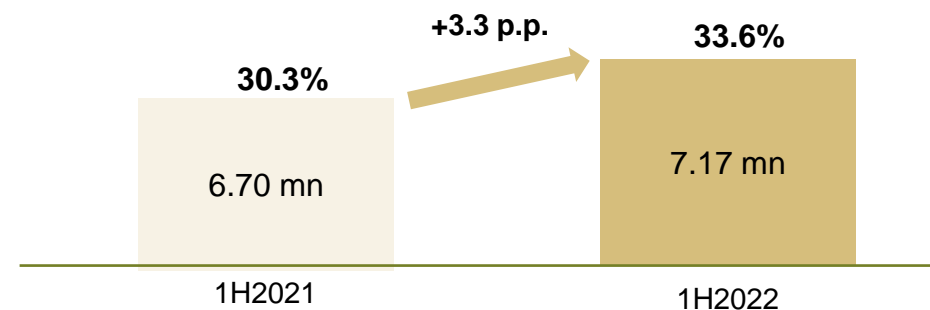
# Membership base, activeness and repurchase rate continued to grow

## No. of registered *Nayuki* members continued to grow

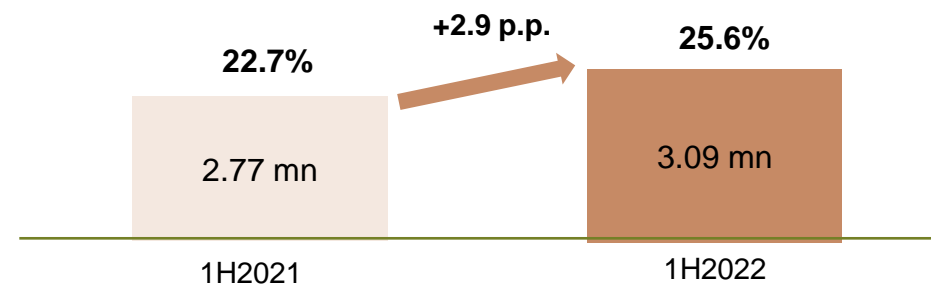


## Member activeness continued to improve

### Avg. quarterly active members and repurchase rate



### Avg. monthly active members and repurchase rate



\* Active members refer to members who purchase our products at least once in a quarter / month; repurchase members refer to members who purchase our products at least twice in a quarter / month.

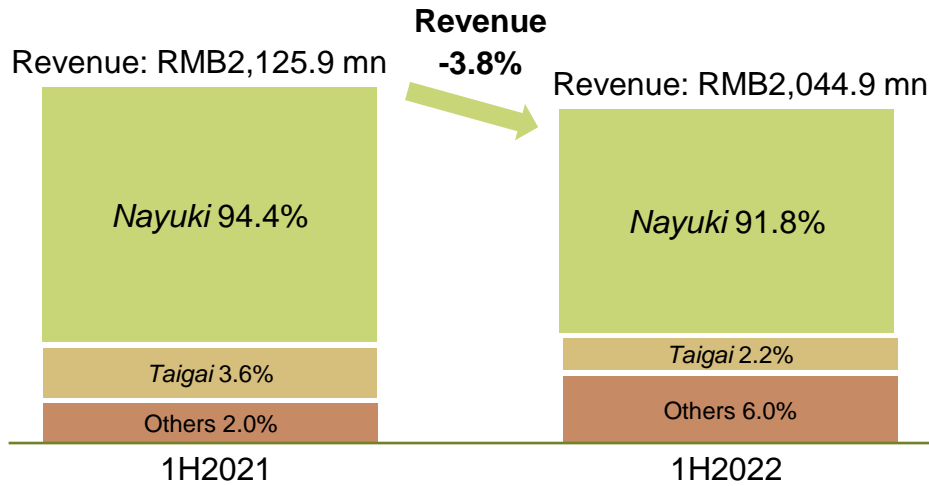




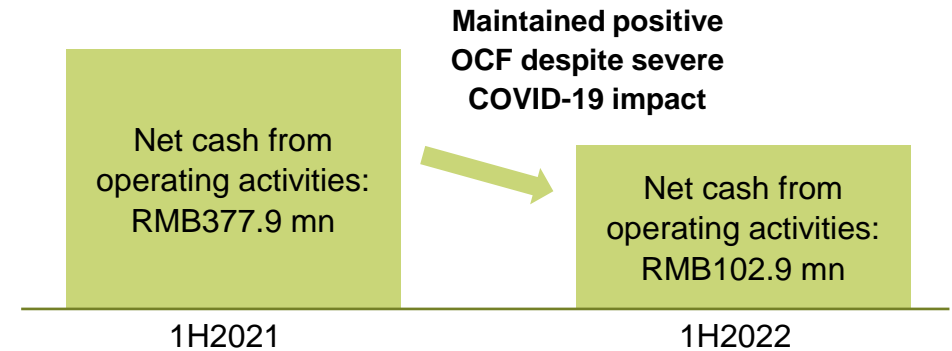
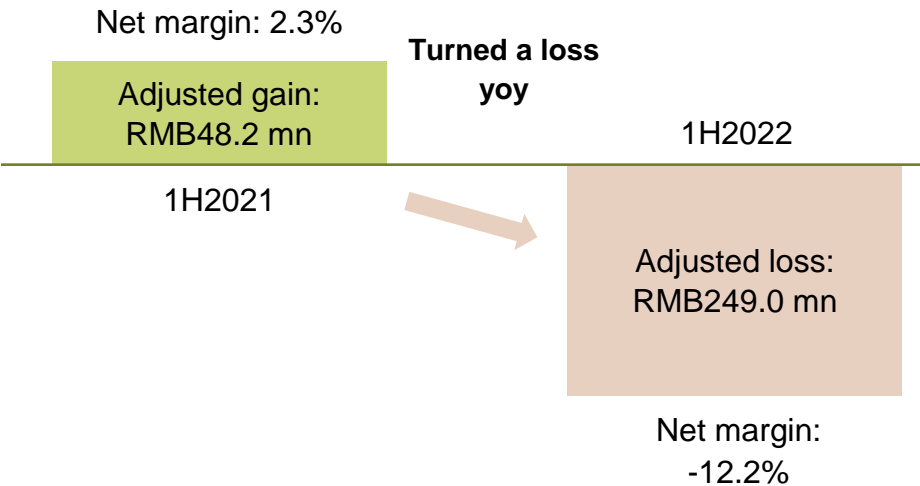
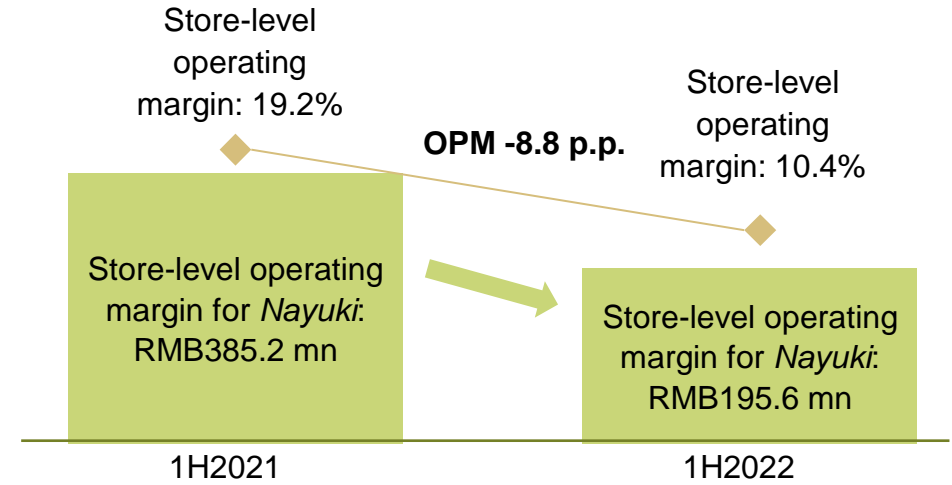
## II. Financial performance

# Top and bottom lines hit due to higher-than-expected COVID-19 impact

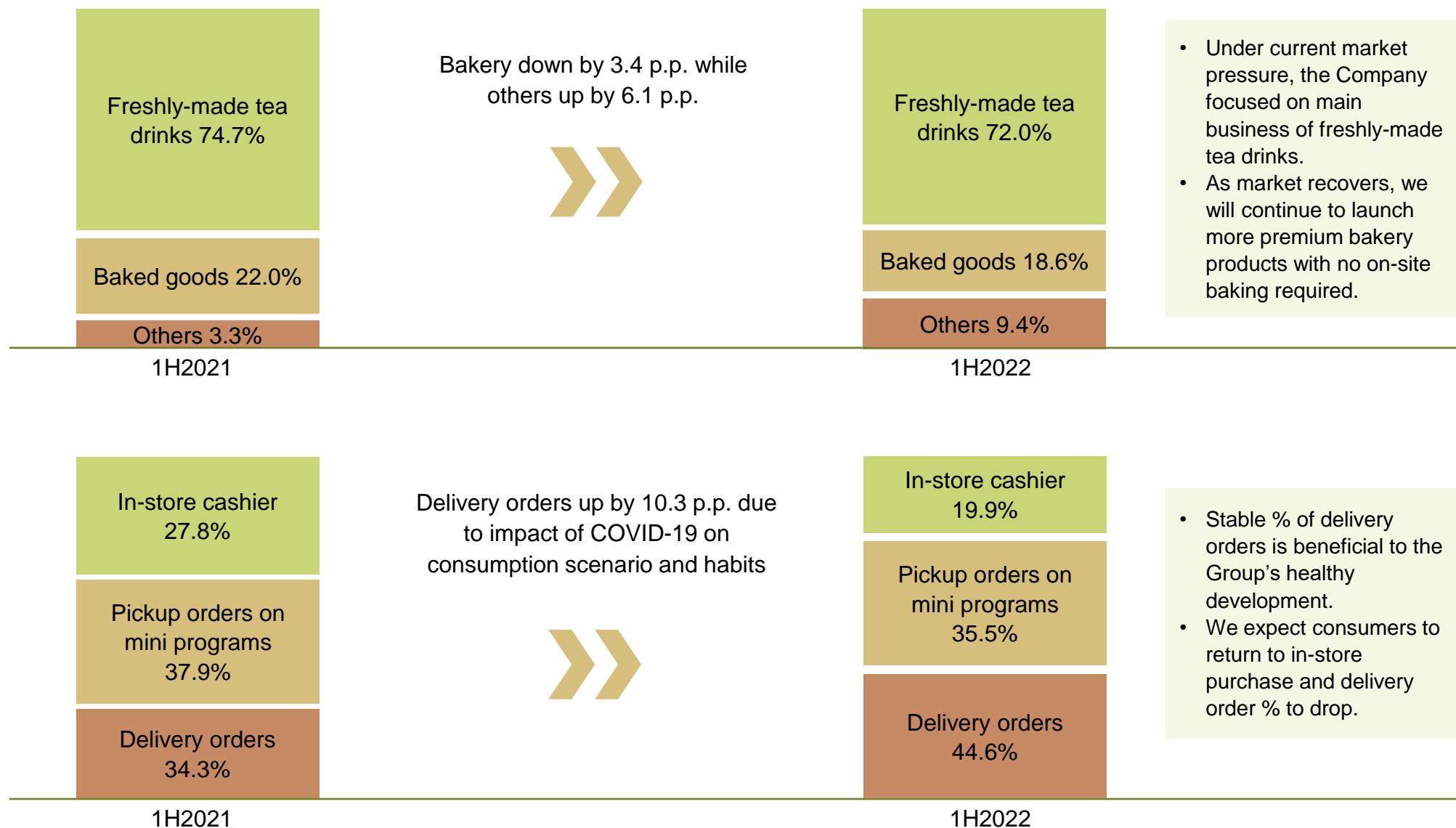
## Slightly lower revenue of RMB2.04 bn



## Positive OCF despite severe COVID-19 impact



## % of bakery down slightly with delivery orders taking up more volume



## Superior supply chain management supports lower raw material cost, delivery fee up slightly

	1H2022		1H2021	2H2021
(RMB'000)				
Raw material cost/ total revenue	648.4	31.7%	31.5%	33.7%
Staff cost/ total revenue	711.8	34.8%	31.5%	34.8%
Depreciation of right-of-use assets/ total revenue	221.4	10.8%	9.5%	10.1%
Other rent and related expenses/ total revenue	102.4	5.0%	4.4%	5.5%
D&A of other assets/ total revenue	126.2	6.2%	4.5%	5.0%
Delivery service fee/ total revenue	163.1	8.0%	5.3%	6.8%

\* The abovementioned only covers most of the operating costs, and there are also costs that are not included such as advertising and promotion expenses, water and electricity expenses, logistics and warehousing, financing costs, etc.

## Unit economic model continued to improve with hopes for further decrease in core costs

	June 2021	June 2022	Notes
<b>Raw material (%)</b>	35.1	34.5	Through supply chain optimization, the Group's raw material cost maintained at no higher than 35%, and there is room for continuous optimization
<b>Labor (%)</b>	23.7	18.9	In the first half of 2022, through continuous optimization, the Group basically reduced the labor cost of stores to the level of the same period. <b>Aims to reduce and stabilize labor cost within 20% in the short to medium term</b>
<b>Rent (%)</b>	13.9	15.7	Through the renegotiation and adjustment of some existing stores and stricter rent requirements for newly opened stores, the Group has not been greatly affected by the minimum rent of existing stores. Rental cost remained relatively stable and have room for decline. <b>Aims to maintain rental cost within 15% in the short run</b>
<b>Delivery order fee (%)</b>	6.2	9.2	Affected by factors like COVID-19, the proportion of the Group's delivery order business has increased significantly, resulting in an increase in delivery order fee
<b>Utilities expenses (%)</b>	2.0	2.9	/
<b>Other D&amp;A (%)</b>	4.1	5.6	/

Automation and digital transformation including automated tea-making machines and scheduling systems have begun to show effects in improving labor efficiency. Better margin hopeful after store revenue stabilizes

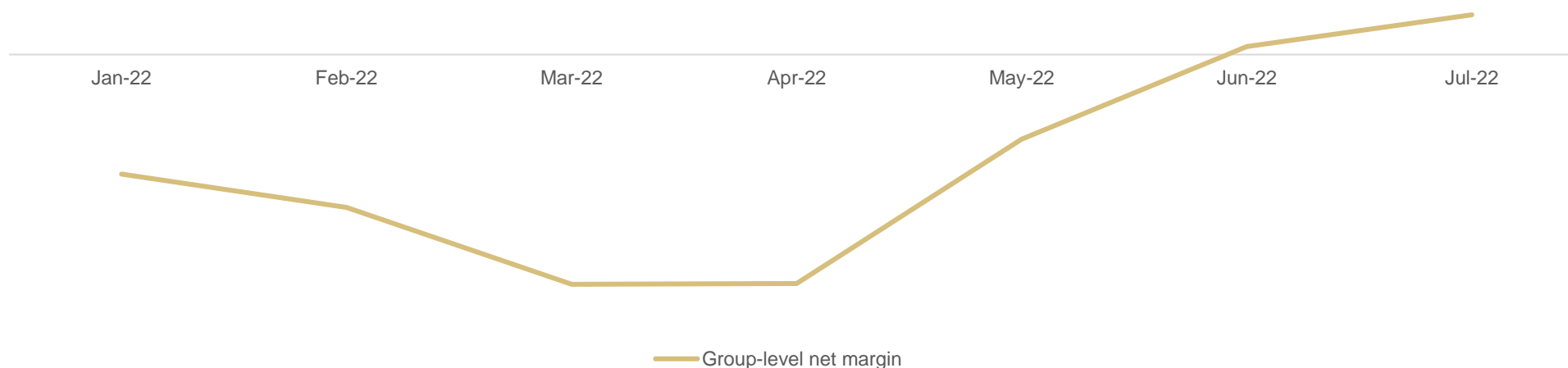
Note: Given the inherent seasonal effects in the Group's business, the unit economic model may vary significantly from month to month.

## Revenue and margin under pressure in 1H, but automization is beginning to pay off

As of and the six months ending 30 June, 2022

	Number of teahouses <sup>(1)</sup> (#)	Average daily sales per teahouse (RMB'000)	Store-level operating margin <sup>(2)</sup> (%)
Type-I teahouses	733	13.2	11.5
Type-II teahouses	128	9.6	10.5

With cost control measures including digitalization, the Group recorded profit on management accounts of June



(1) Only stores that have been open for no less than 60 days have not closed on 30 June, 2022 are included.

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



### III. Outlook

# Continues implementation of digitalization to achieve lower costs and higher efficiency

- ◆ Digitalization runs through whole lifecycle of a store, and especially useful in daily store operation
- ◆ More than half of all teahouses have implemented automated tea-making machines with southern China almost complete. Maintains the goal of finishing rolling-out before end of Sept. across the nation
- ◆ More automated equipment in process of R&D, including cream-top maker and tea homogenizer



Automated tea-making machine

## Store operations



- Auto-scheduling
- Inventory ordering
- Production planning
- Tea-making machine

## New store development



- Location choosing
- Profitability calculation

## Opening



- License management
- Sales forecast

## Engineering management



- Process monitoring
- Risk warning

## Staffing



- Recruitment
- Training

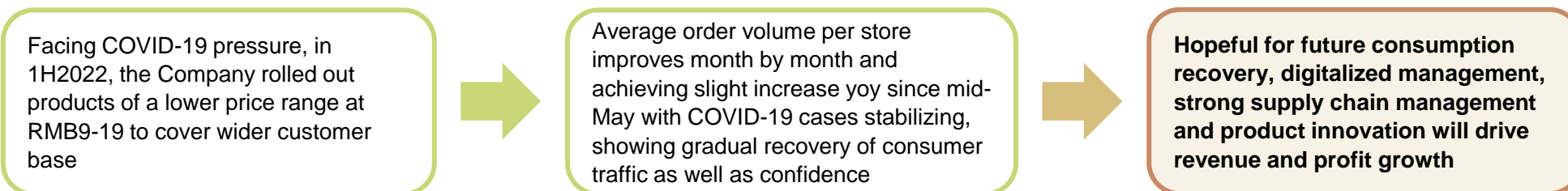
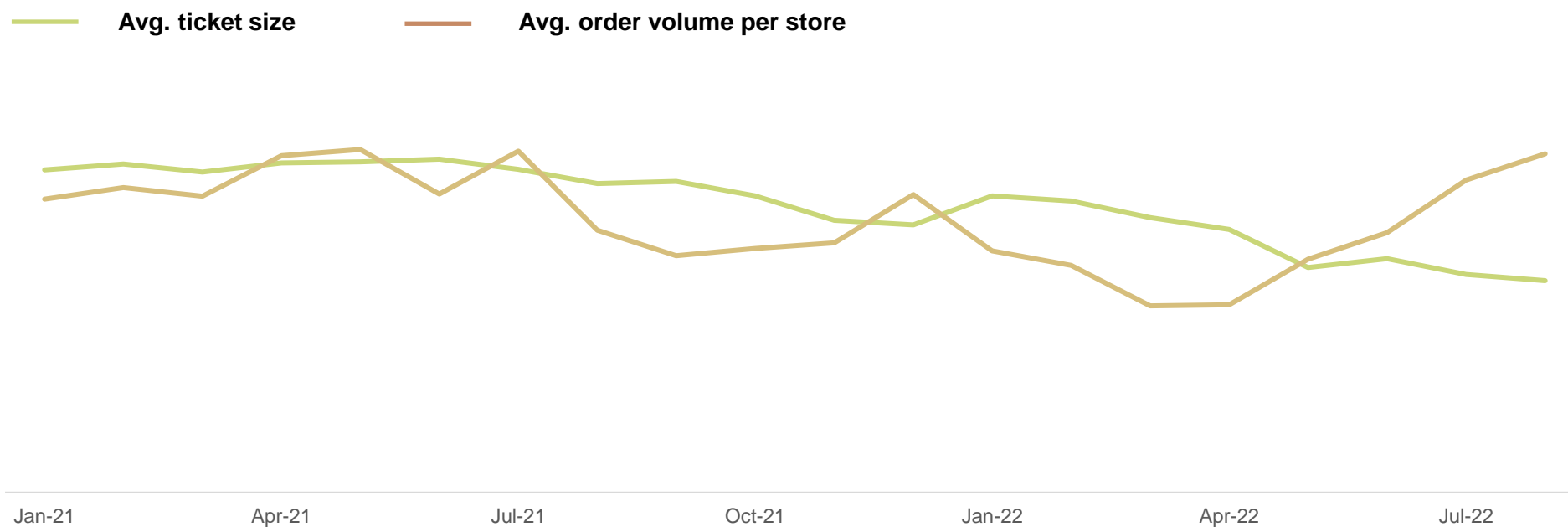
## Renovation & Designing



- Information aggregation



## Volume improves significantly despite lower ticket size; expects better profitability from recovery consumers' confidence



# Retain business continues its steady growth

## Channels

- Based in South China, we have built a sales network of dozens of cities in East, Central and North China, and are gradually expanding to Southwest, Northeast and Northwest China.
- Up to now, we have developed more than 80,000 sales outlets.



## Products

- Fruit tea, pure tea and sparkling water among best sellers in top convenient store chains and shopping malls.
- Introduced popular award-winning products including Green Grape Oolong and the Virgin Snow Jasmine.



## Financials

- Revenue steadily increases and may disclose separately starting FY2022



# One-stop experience of Nayuki Lifestyle, starting 31 August in Coastal City, Shenzhen

## Nayuki Lifestyle

Originating from Nayuki

Focusing on a diversified experience

Supporting boutique brands' growth

Exploring life together with no bound!



### Limited offer / 2F Square, Coastal City, Shenzhen

51% discount 31 Aug – 2 Sept

41% discount 3-6 Sept

31% discount 7-11 Sept



with more to come...

奈雪の茶<sup>®</sup>