



Nayuki Holdings Limited

2021 Annual 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.

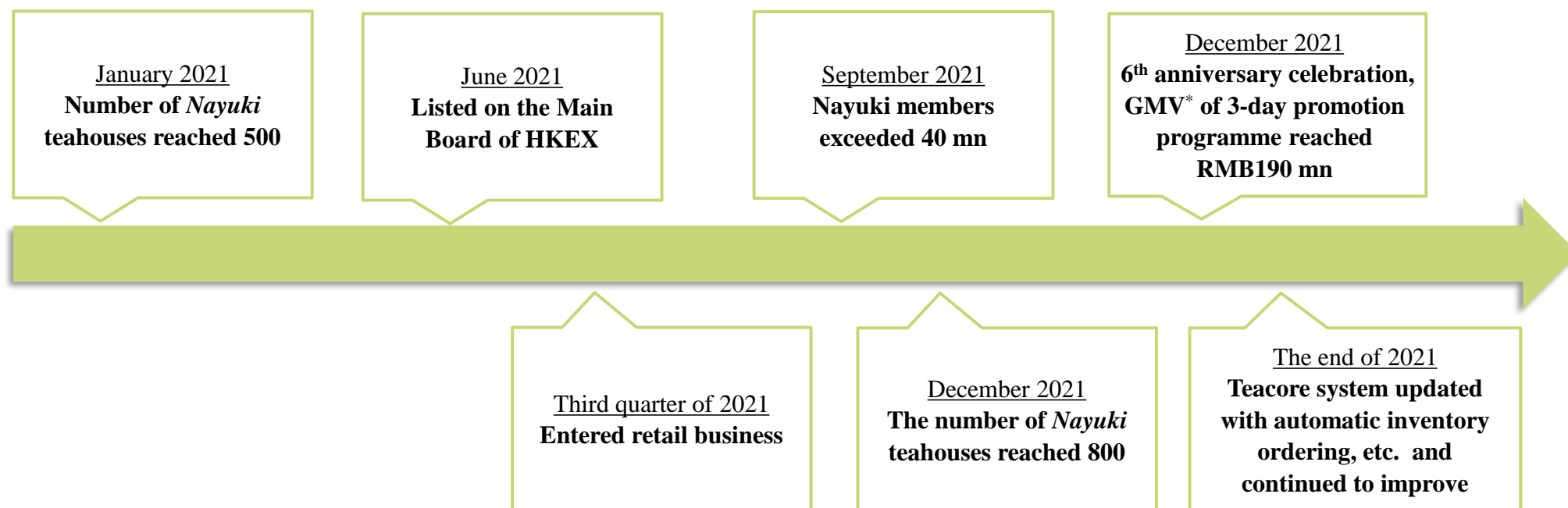
This document is written in Chinese, and the English version is a translation of such. In case of discrepancy, the Chinese version shall prevail.

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



I. Business overview

Recent milestones



奈雪茶 NAYUKI

80 Cities

817
teahouses

TINGI 台盖

4 Cities

62
teahouses

• Representing gross merchandise value, which mainly refer to the RMB100 for RMB150 stored-value card marketing campaign of the Company from 3 December, 2021 to 5 December, 2021

** Cities and number of stores were as at 31 December, 2021

Continuous product innovation: ~80 new products throughout the year, seeking new ingredients and exploring wider price range



Supreme Emblica Tea

(“霸氣玉油柑”)

The sour and bitter niche fruit is blended with its own tea base, presenting the unique taste of “slightly bitter when sipped, with sweet aftertaste in five seconds”, becoming the No.1 hot selling drink in 2021, and greatly increased the income level of farmers and supported rural revitalization

Phoenix Oolong Milk Tea

(“鴨屎香寶藏茶”)

The folk name of the famous Dancong tea* is boldly used, leveraging popular tea culture to strengthen the performance of the hot drink series of the Company, which brought crucial help to the recovery of the performance in the fourth quarter of 2021



The Lite series

(“輕鬆”系列)



In response to consumers’ demand for products of higher value for money, the Company launched the Lite series product line with price ranging RMB9-19 in order to attract more while protecting gross margin of the Company

Chinese Dim Sum

Adopting the strategy of “Chinese food in western style”, the Company utilized Chinese dim sum to convey Chinese culture, providing various choices and tastes, making dim sum a highlight of attraction for young people



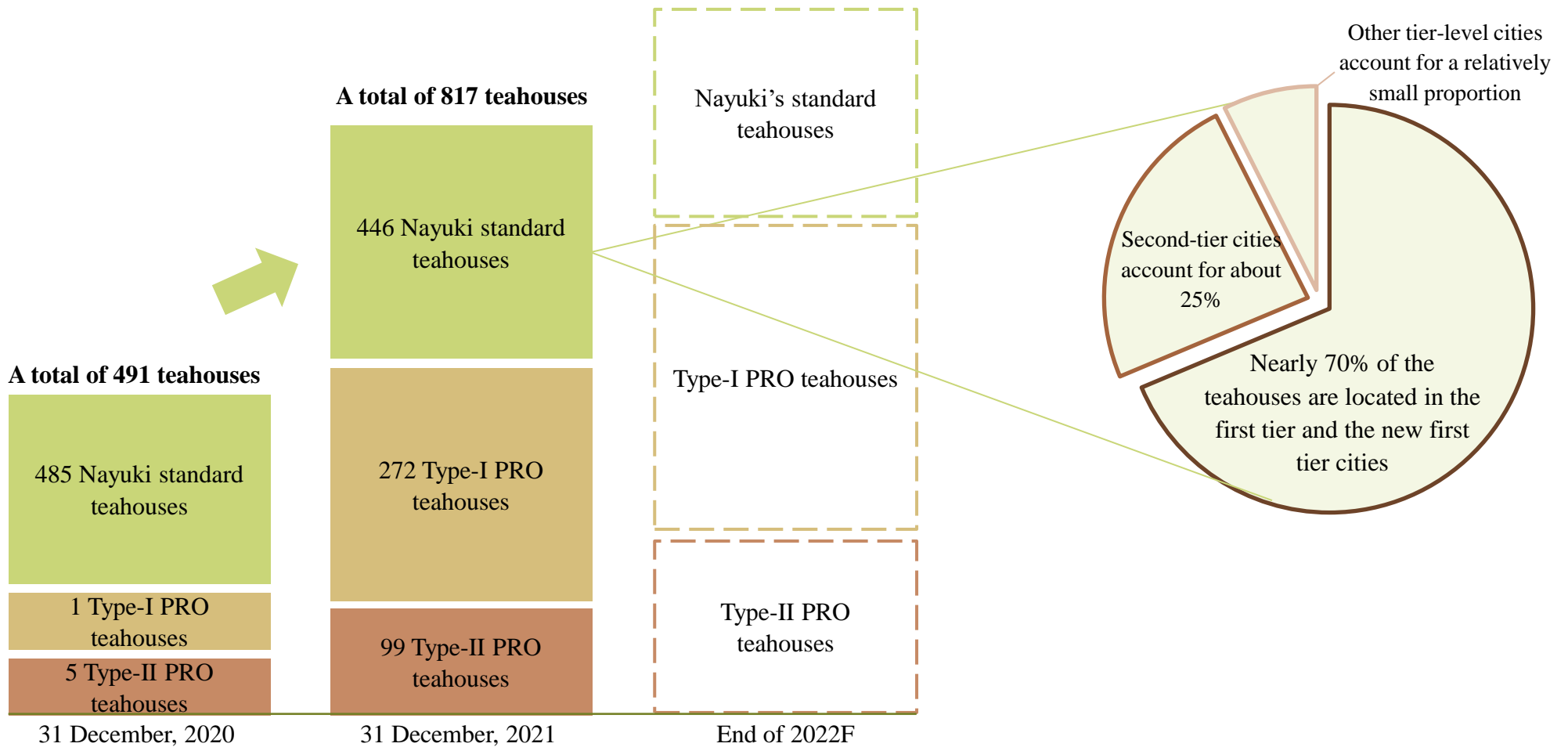
* “Yashixiang” (鴨屎香), literally “the fragrance of duck feces”. According to folklore, in ancient times, tea farmers would explain the prominent fragrance of the tea by calling it duck feces and try to dissuade curious outsiders who might steal the product.

We will continue the “increasing store density” strategy in existing high-tier city markets

A net increase of 326 Nayuki teahouses, mainly in existing cities

It is expected to open 350 new teahouses throughout the year

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



Mature markets performed better, while emerging markets gradually matured



审图号: GS(2019)1818号

自然资源部 监制

Higher store density leads to better-developed consumption habits and relatively better performance

For the year ended 31 December

		2021	2020	2021	2020
	Number of stores (1) (#)	Average daily sales per store (RMB'000)		Store-level operating margin (2) (%)	
Shenzhen	75	25.9	22.1	22.8	17.1
Shanghai	27	18.8	18.4	12.7	6.5
Guangzhou	19	23.6	20.0	19.2	12.8
Wuhan	21	23.3	23.4	17.6	16.2
Xi'an	18	20.8	18.3	17.4	14.6
Beijing	15	23.0	21.2	9.2	4.7

Store performance



Consumption habit



Brand recognition



Ease of access

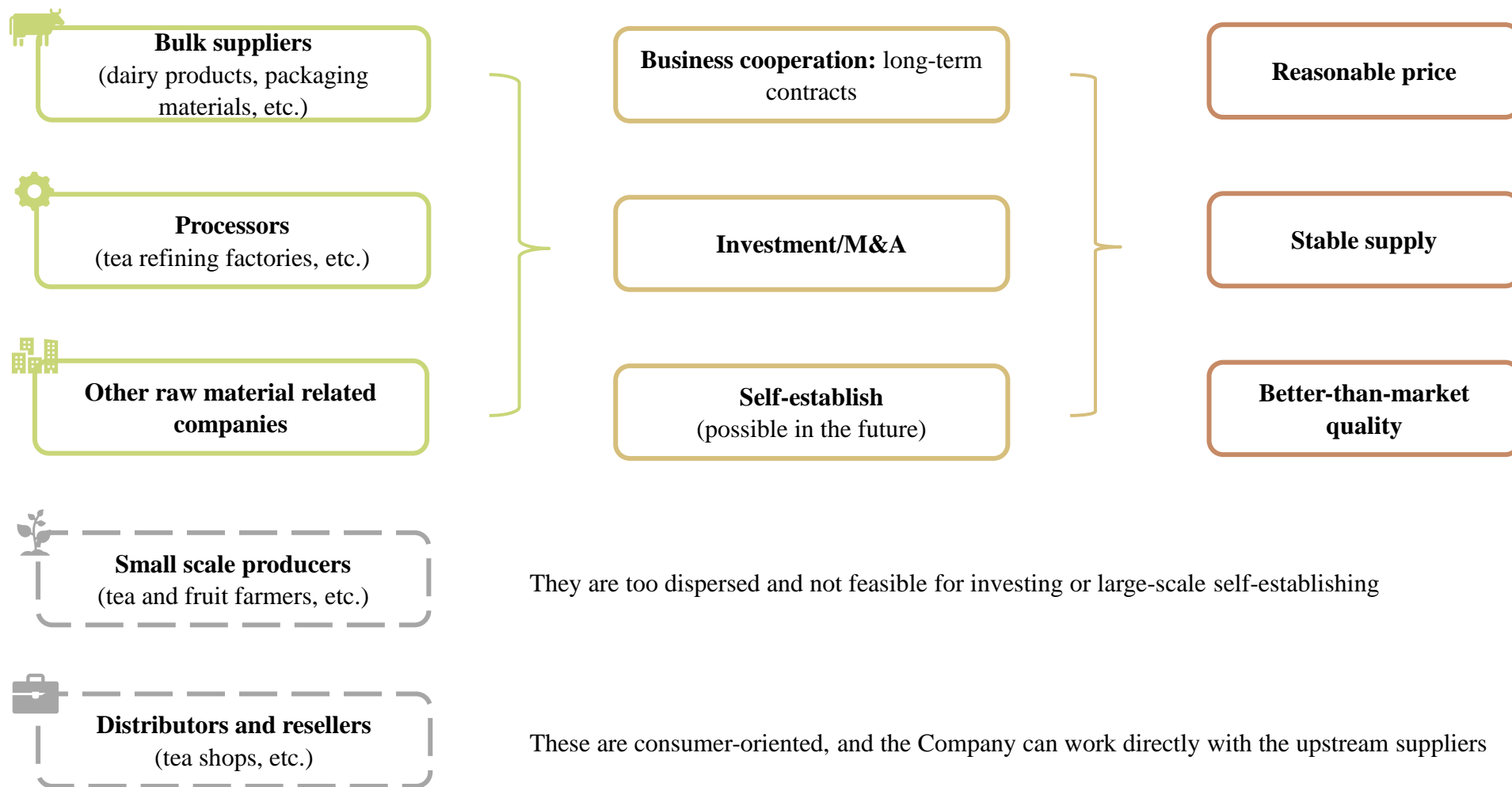


Store density

(1) Only stores that have been open for no less than 60 days in both the first half of 2020 and 2021 and have not closed on June 30, 2021 are included.

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

Continue to invest in upstream supply chain

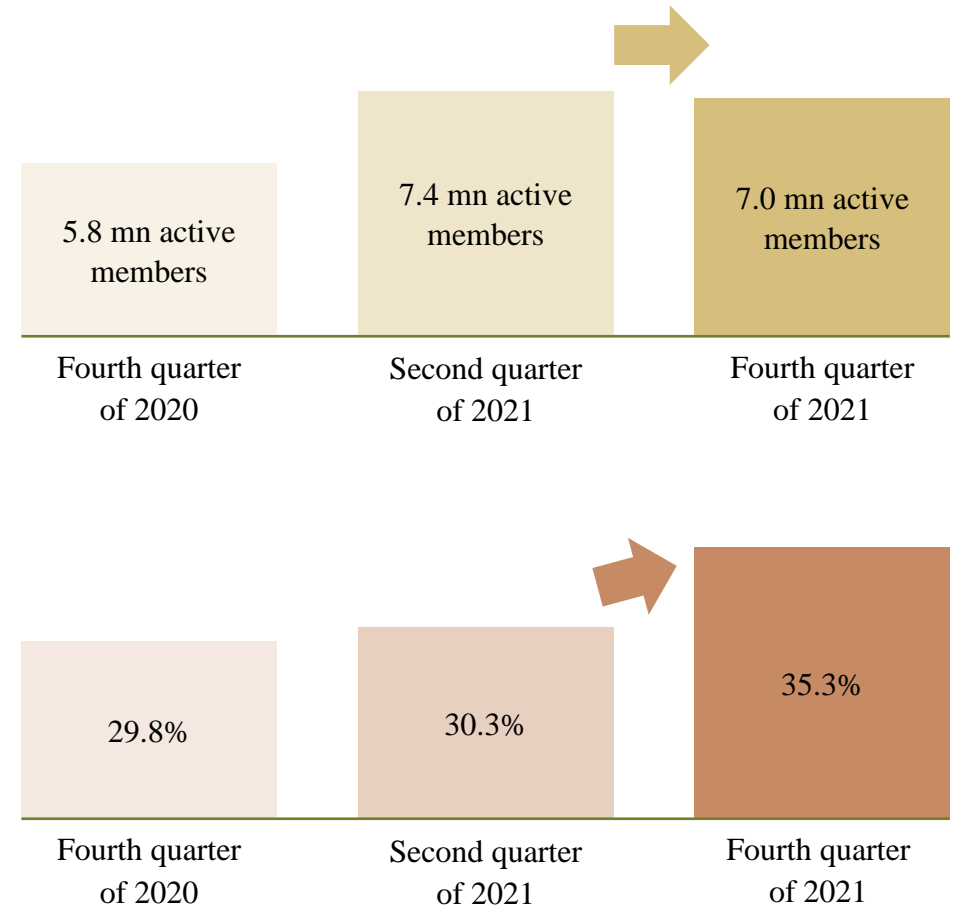


Number of members continued to grow and remained active, with repurchase rate rising

No. of registered *Nayuki* members continues to grow



Members remain active with repurchase rate* continuing to improve



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

Food safety is the lifeline of the Company

Daily monitoring

- Continuous online monitoring
- On-site checks will be carried out at least 1-2 times a month
- The monthly assessment of the store is directly linked to the monitoring results



Third-party inspection

- Review by third-party professional agencies
- Supplier-assisted inspection



Digital management

- Automatic equipment reduces the difficulty of operation and chance of error
- Automatic expiration date management and other means to assist food safety management

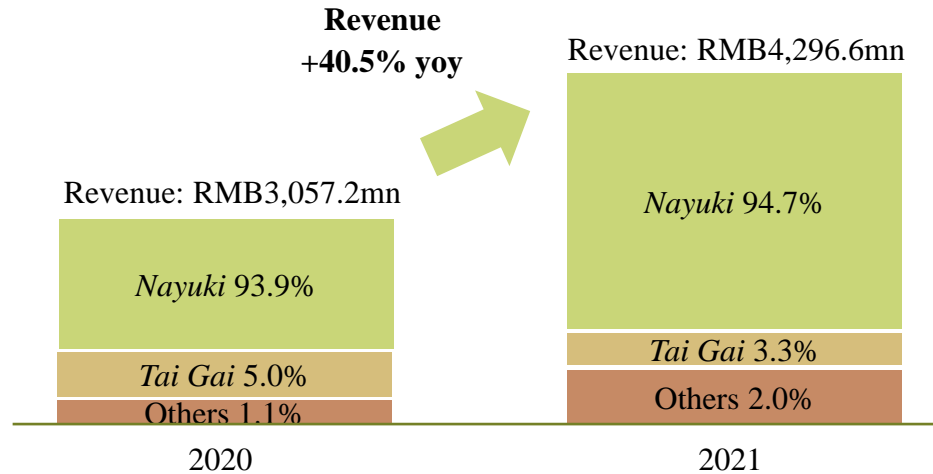
**Food safety being our lifeline,
the Company will continue to improve our food safety management**



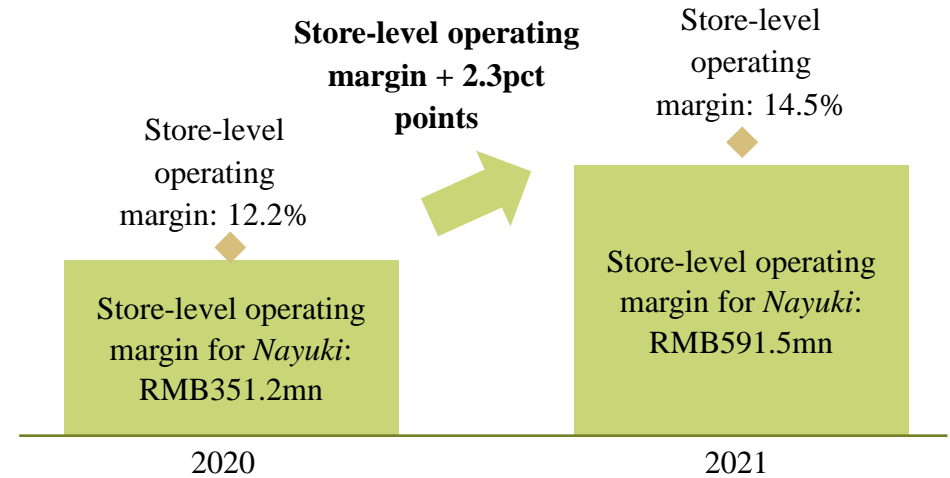
II. Financial performance

Revenue grew and operations remained strong, but recorded losses under external pressure

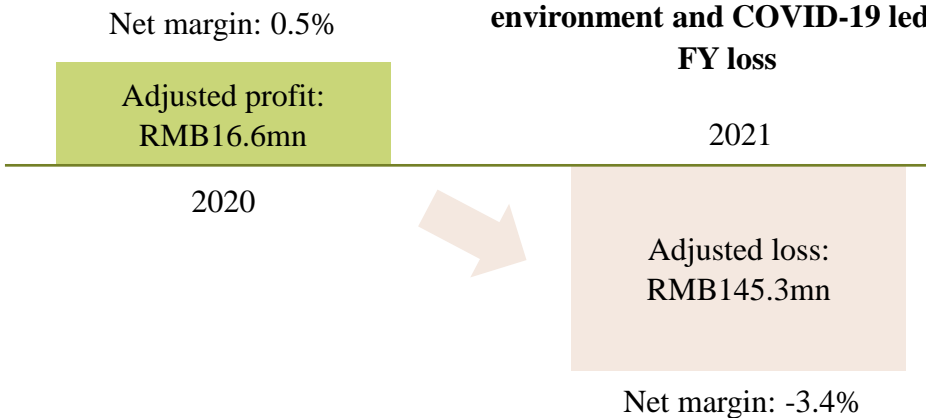
Recorded RMB4.3 bn revenue and losses



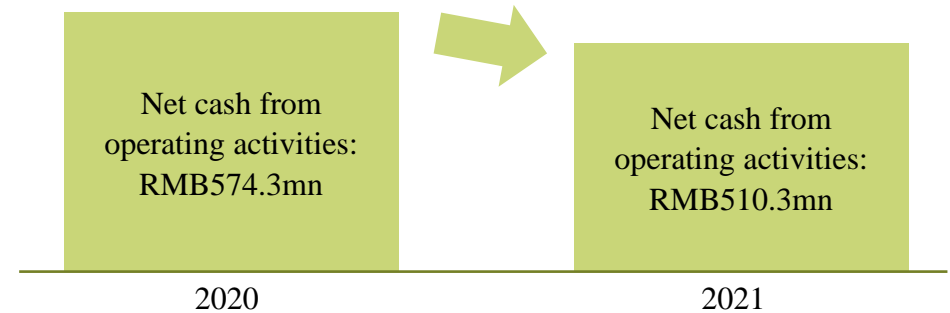
Store-level profitability and cash flow remain stable



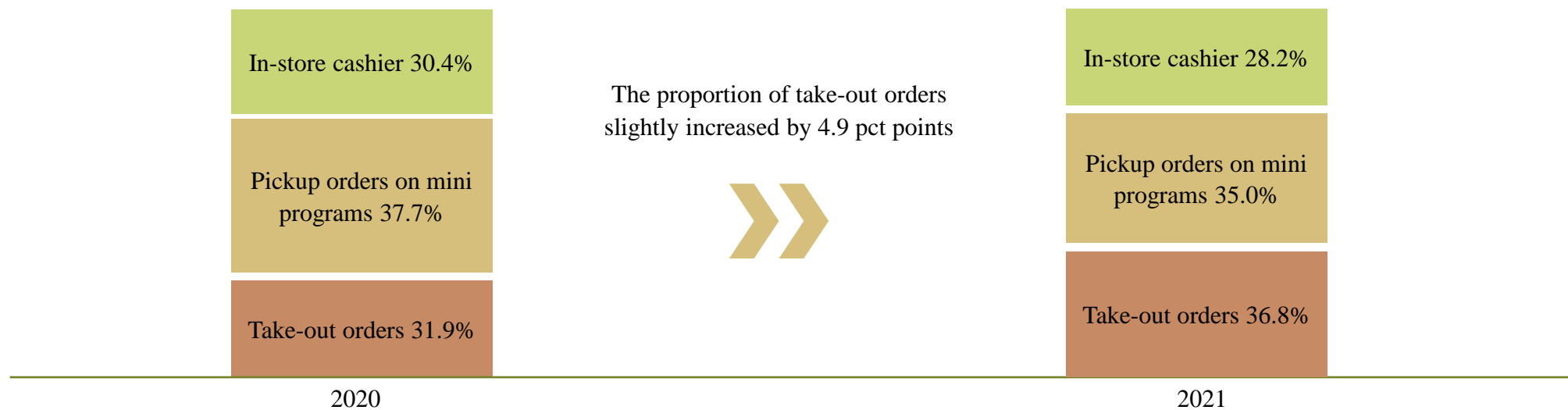
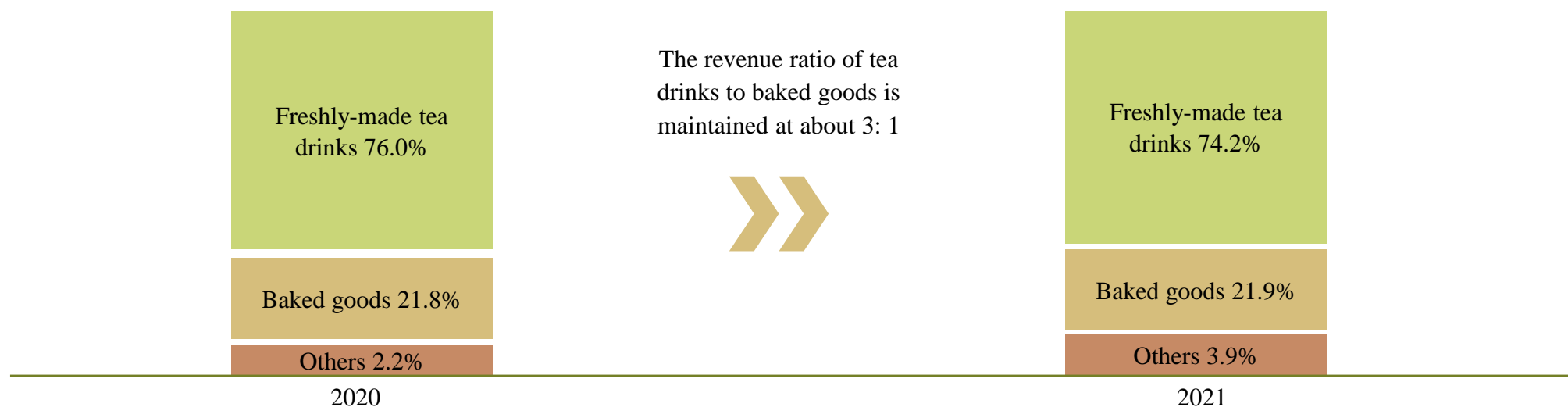
Unfavorable consumption environment and COVID-19 led to FY loss



Net cash from operating activities -11.1% yoy



Tea drinks/bakery ratio stable, while take-out increased slightly due to COVID-19 control measures



Rapid external changes in 2H2021 affected PRO teahouses more, most of which opened in the second half

As of and for the year ended December 31, 2021

	Number of teahouses ⁽¹⁾ (#)	Average daily sales per teahouse (RMB'000)	Store-level operating margin ⁽²⁾ (%)
Standard teahouses	444	20.3	17.5
Type-I PRO teahouses	179	14.2	9.8
Type-II PRO teahouses	62	11.0	6.2

With the gradual deepening of cost control, automation and other measures, the profitability of various teahouses will recover and improve

(1) Only stores that have been open for no less than 60 days in both the first half of 2020 and 2021 and have not closed on June 30, 2021 are included.

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

Raw material costs optimized thanks to continued supply chain improvements

(RMB'000)	As of December 31, 2020		As of December 31, 2021	
Raw material cost/ total revenue	1,159.3	37.9%	1,400.7	32.6%
Staff cost/ total revenue	919.1	30.1%	1,424.4	33.2%
Depreciation of right-of-use assets/ total revenue	352.9	11.5%	420.3	9.8%
Other rent and related expenses/ total revenue	100.6	3.3%	213.0	5.0%
D&A of other assets/ total revenue	154.1	5.0%	204.0	4.7%
Delivery service fee/ total revenue	167.4	5.5%	259.0	6.0%

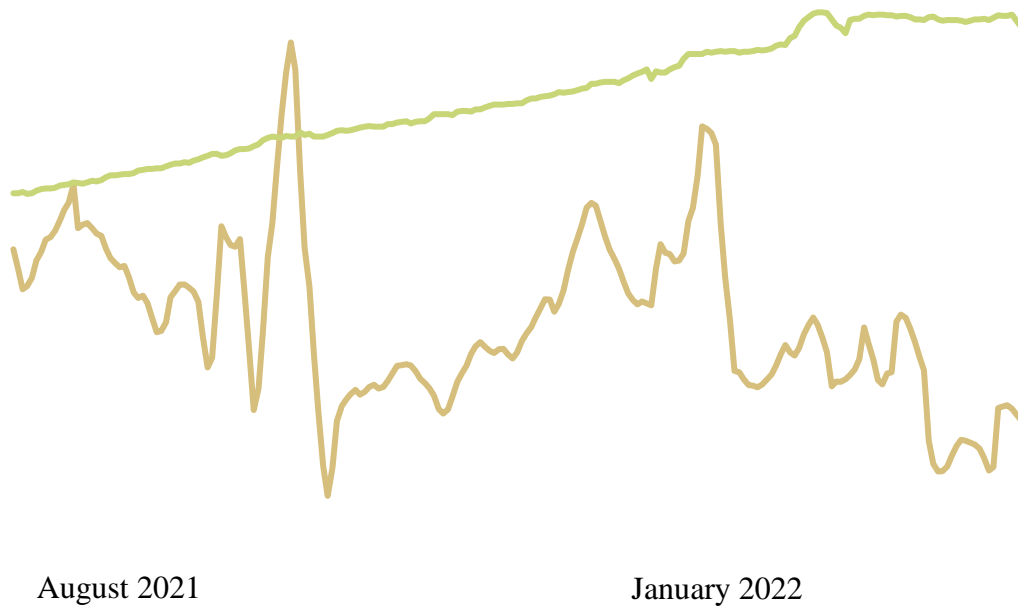
* The abovementioned only covers most of the operating costs, and there are also costs that are not included such as advertising and promotion expenses, water and electricity expenses, logistics and warehousing, financing costs, etc.



III. Outlook

Industry leader is more resilient under external pressure

- Number of Nayuki stores in operation
- National average sales volume of Nayuki stores (rolling average)

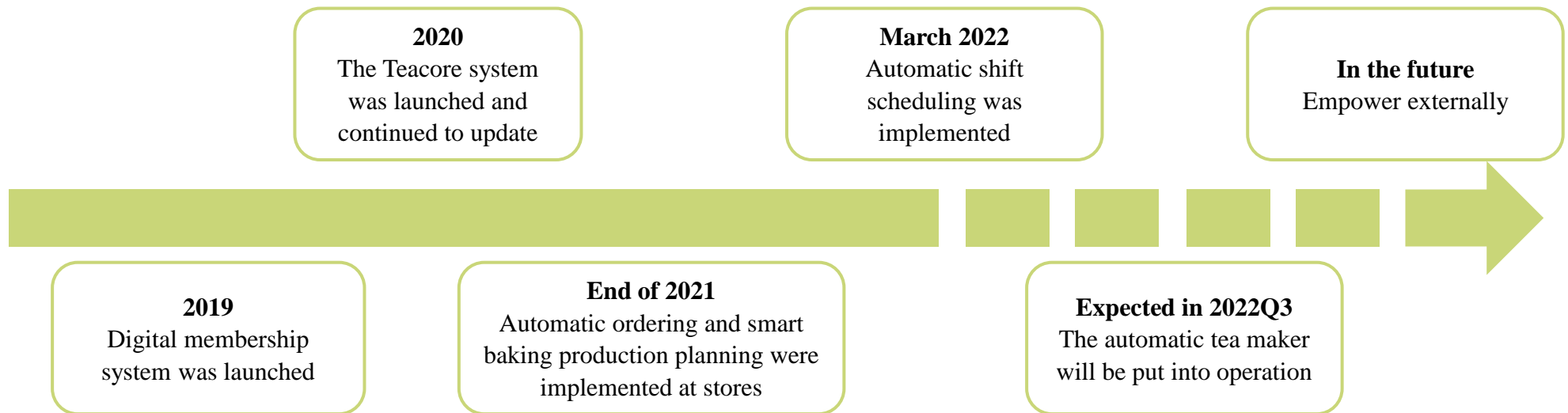


The Company responded in a timely manner when the impact struck in August 2021

Under the continued pressure, the Company still achieved a good recovery in 2021Q4

COVID-19 pressure continued to increase in the beginning of 2022, but **industry leader will be more resilient and recover faster**

Digital management helps the Company to improve quality and reduce costs

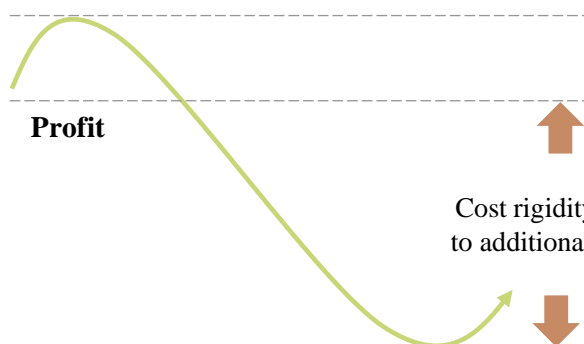
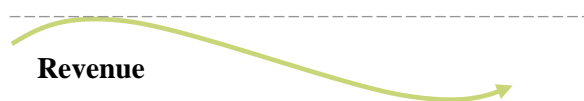


The Group has sufficient funds and will step up cost control efforts

Operating leverage leads to profitability swings when revenue fluctuates

Step up cost control efforts and reduce external impact on profitability

Abundant capital and healthy cash flow will help seize recovery opportunities in a timely manner



Store-level labor cost: Gradually implement digitalization; continue daily optimization and store-level headcount freeze in general

Middle and back office labor cost: Strictly maintain slower-than-revenue growth

Store-level rent: Strive for a pure “percent of sales” model, and actively renegotiate or adjust the teahouses in the deteriorating business district

Sufficient funds: holding RMB4.05 bn in cash and cash equivalents by the end of 2021

Aiming for positive free cash flow in 2022

Before the pressure is relieved, funds will be used even more prudently to ensure the safety of the Company's funds

The retail sector has started and shall become an important pillar of the Company's business in the future



Strategic considerations

Continue to occupy the minds of consumers through retail products, enhance brand awareness, and cultivate consumption habits

Product designs

The pilot started in September last year. Initially, bottled fruit tea, sparkling water, pure tea, etc. will be launched as entry point; we also replaced traditional sweetener with natural monk fruit juice



Financial performance

It is expected that the revenue contribution will gradually increase. In the first two years, limited loss is expected due to channels and product investment



奈雪の茶[®]