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NAYUKI

**Nayuki Holdings Limited**  
**奈雪的茶控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2150)**

**BUSINESS UPDATE**  
**OPERATIONS FOR THE THIRD QUARTER OF 2021**  
**AND**  
**PROFIT WARNING**

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of Nayuki Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**” or “**We**”) hereby announces its operations for the three months from July 1, 2021 to September 30, 2021 (the “**Quarter**”). The operations and data contained in this announcement are made based on the preliminary assessment of information currently available to the Board and have not been audited or reviewed by the Company’s independent auditor and/or the audit committee of the Company.

**Number of stores**

During the Quarter, the Group recorded a net increase of 90 *Nayuki* teahouses. 3 *Nayuki* teahouses were closed, and 17 regular *Nayuki* teahouses commenced their transformation to *Nayuki* PRO teahouses. Given the large number of prime locations are available in the second half of 2021, on the premise of ensuring site selection level, we expect to open approximately 350 *Nayuki* teahouses throughout 2021, the majority of which will be *Nayuki* PRO teahouses.

The following table sets out the breakdown of the number of our *Nayuki* teahouses by geographic location as at the end of the Quarter.

	<b>As at September 30, 2021</b>	<b>As at June 30, 2021</b>
<b>Number of regular <i>Nayuki</i> teahouses</b>		
Tier 1 cities	162	167
New Tier 1 cities	161	172
Tier 2 cities	122	124
Other cities <sup>(1)</sup>	29	31
<b>Total</b>	<b>474</b>	<b>494</b>

	<b>As at September 30, 2021</b>	<b>As at June 30, 2021</b>
<b>Number of Type-I PRO Teahouses</b>		
Tier 1 cities	31	15
New Tier 1 cities	38	17
Tier 2 cities	25	11
Other cities <sup>(1)</sup>	14	7
<b>Total</b>	<b>108</b>	<b>50</b>

	<b>As at September 30, 2021</b>	<b>As at June 30, 2021</b>
<b>Number of Type-II PRO Teahouses</b>		
Tier 1 cities	26	14
New Tier 1 cities	35	12
Tier 2 cities	14	3
Other cities <sup>(1)</sup>	11	5
<b>Total</b>	<b>86</b>	<b>34</b>

*Note:*

(1) Including (i) cities of other tiers across mainland China and (ii) cities outside mainland China.

## **Impacts of COVID-19**

During the Quarter, some cities tightened the anti-epidemic measures and consumers adopted prudent attitudes towards travelling due to the continuing and recurring outbreak of COVID-19 pandemic (“**COVID-19**”) in some regions in mainland China, which resulted in decline in the performance of stores in those regions. The repeated outbreak of COVID-19 in

autumn and winter, or the occurrence of influenza epidemic will probably have further impacts on our financial performance. However, we do not expect that such situation will cause significant adverse impacts on the operation (including but not limited to agreement conclusion and opening of stores, marketing activities and research and development of new products) of the Group.

*Note:* The above estimates have also included the impacts arising from disturbance factors such as floods in certain regions in mainland China and negative media reports. It is difficult to accurately distinguish the extent of influence caused by each different factors, but we deem that, the COVID-19 and the related changes in consumer psychology are the primary factors affecting the performance of *Nayuki* teahouses in the second half of the year.

### **Profit warning**

In terms of revenue, despite the good performance in the first half of 2021 and July 2021, we expect that the growth of revenue of the Group for the year of 2021, as compared with that of 2020, will be lower than our expectation, primarily due to the continuing recurring outbreak of COVID-19 and weaker domestic consumption in the second half of 2021. Most of the new stores will be opened in the fourth quarter, which will not have obvious additional contributions to the revenue of 2021.

In terms of profit, the profitability of the Group is expected to be significantly affected in short term considering the combined effect of following factors: (1) there is less flexibility for the human cost of stores in short term for the purpose of ensuring relatively stable operation teams of stores, which makes it difficult to make prompt and adequate adjustments in response to the changes of COVID-19; (2) the Group's automatic and digitalized measures are still under testing, which will take time to bring expected benefits to the financial performance of the Group; and (3) the number of newly opened stores in the year of 2021 goes beyond the previous plan, which will lead to an increase in the opening expenses and other indirect cost. Based on the unaudited management accounts, the Group has recorded an adjusted net loss (non-IFRS measure)<sup>1</sup> for the Quarter, while an adjusted net profit (non-IFRS measure) was recorded for the same period in 2020. In addition, as of the date of this announcement, COVID-19 outbreaks continued to recur in certain regions in mainland China, which may bring continuous impact on the performance of the Group's teahouses. In view of this, we expect the Group to record an adjusted net loss (non-IFRS measure) for the full year of 2021.

<sup>1</sup> The adjusted net profit/(loss) (non-IFRS measure) is defined as net profit/(loss) for the period adjusted by adding back fair value changes of financial liabilities at fair value through profit or loss and convertible redeemable preferred shares, listing expenses, equity-settled share-based payment expenses, interest on redeemable capital contributions. Please refer to the prospectus of the Company dated June 18, 2021 for details of the calculation method.

## **Future plan**

We expect that the impact of the COVID-19 will be gradually relieved. As the proportion of newly opened stores to all of our stores gradually decreases, the pressure on existing stores to provide labor and support to newly opened stores will gradually decrease, which will progressively improve the operating profit margin of our existing stores. In addition, it is expected that the upfront cost including automation, digitized transformation and newly opened stores will bring a positive impact on the operation of the Group in future.

As the Group's results for the year ended December 31, 2021 have not yet been finalised, the information contained in this announcement is made based on the preliminary assessment of information currently available to the Board, which has not been audited or reviewed by the Company's independent auditor and/or the audit committee of the Company and may be also subject to further adjustment. The audited financial information of the Group for the year ended December 31, 2021 will be disclosed in the results announcement in compliance with the requirements of the Listing Rules.

**This announcement contains certain forward looking statements in relation to financial conditions, results of operation and business of the Group (the “Forward Looking Statements”). The Forward Looking Statements are made based on the preliminary assessment of information currently available to the Board, therefore the actual future results or performance of the Group may differ materially from the Forward Looking Statements. Shareholders of the Company and potential investors shall consider carefully about the related risk factors and should not place undue reliance on the Forward Looking Statements. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.**

By the order of the Board  
**Nayuki Holdings Limited**  
**Mr. ZHAO Lin**  
*Chairman*

Shenzhen, October 29, 2021

*As at the date of this announcement, the Board comprises Mr. ZHAO Lin, Ms. PENG Xin and Mr. DENG Bin as executive directors; Mr. PAN Pan, Mr. SHAO Gang and Mr. WONG Tak-wai as non-executive directors; and Mr. CHEN Qunsheng, Mr. LIU Yiwei and Ms. ZHANG Rui as independent non-executive directors.*