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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 FIRST QUARTER OF 2022

This announcement is made by the Company 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 Inside Information Provisions (as defined in the Listing Rule) 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 the operations for the three months ended March 31, 2022 (the “**Quarter**”).

NUMBER OF STORES

During the Quarter, the Group recorded a net addition of 37 *Nayuki* teahouses and closed 3 *Nayuki* teahouses, while also converted 3 regular *Nayuki* teahouses to *Nayuki PRO* teahouses. As at March 31, 2022, the Group operated a total of 854 *Nayuki* teahouses.

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

	As at March 31, 2022	As at December 31, 2021
Number of regular <i>Nayuki</i> teahouses		
Tier 1 cities	145	149
New Tier 1 cities	149	150
Tier 2 cities	118	118
Other cities ⁽¹⁾	28	29
Total	440	446

	As at March 31, 2022	As at December 31, 2021
Number of Type-I PRO Teahouses		
Tier 1 cities	108	96
New Tier 1 cities	101	95
Tier 2 cities	60	54
Other cities ⁽¹⁾	34	27
Total	303	272

	As at March 31, 2022	As at December 31, 2021
Number of Type-II PRO Teahouses		
Tier 1 cities	42	35
New Tier 1 cities	40	37
Tier 2 cities	17	15
Other cities ⁽¹⁾	12	12
Total	111	99

Note:

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

OPERATIONS FOR THE QUARTER

During the Quarter, the COVID-19 pandemic (“**COVID-19**”) in mainland China rebounded significantly due to factors such as the more contagious Omicron subvariant entering mainland China. On March 26, the spokesperson of the National Health and Medical Commission said: “The number of new local infections is still at a high level, the scope of the affected cities and regions continues to increase, and the epidemic is still in the developing stage. We must continue to adhere to the dynamic zero-COVID policy... to halt community transmission as soon as possible.” In March 2022, several first-tier cities were heavily affected by COVID-19, and local governments in mainland China imposed strict control measures, including lockdown by district, stay-at-home order, and partial suspension of public transport, during certain periods in Shanghai, Shenzhen and some other cities. Impacted by such measures, approximately 5-15% of *Nayuki* teahouses of the Group on a single day were temporarily unable to operate, and up to approximately 25% of *Nayuki* teahouses on a single day were only able to provide pickup/take-away services. The impact on operations is more significant than in March 2020, but still better than in February 2020. In addition, the Caixin China General Services Purchasing Managers Index (PMI) fell to 42.0 in March 2022, the lowest since March 2020. The industry as a whole is experiencing significant challenges.

The Group is actively promoting the established cost reduction measures to enhance operational resilience and reduce the impact of repeated epidemics and changes in the economic environment on the Group. The Group’s automatic shift scheduling system began to be deployed in stores in March 2022, and is expected to be rolled out in the first half of the year. At present, it has begun to help the Group to find ways to reduce the labor cost of stores and improve the labor efficiency of stores. The automatic tea makers will also be officially launched in the third quarter as scheduled, which are expected to significantly reduce the pressure on training for stores. Besides, we positively assume our social responsibilities. We donated products such as drinks and snacks to front-line anti-epidemic medical staff and community workers, and distributed food and other living support supplies to employees affected by lockdown measures in severely affected areas. With abundant cash reserves and healthy cash flow, the Group is fully confident that it will successfully overcome the severe challenges brought about by the current external environment and survive the “darkness before dawn”.

In addition, the Group’s product research and development and promotion in the Quarter were not affected, and the supply chain also maintained a continuous and stable supply. In the Quarter, we launched new products such as “Supreme Mango Guava (霸氣脆芒芭樂)” that are well received by consumers, and launched drinks of the *Nayuki* Lite series with a unit price of less than RMB20, broadening the price band to attract more consumers. Bottled tea products also began to be sold offline.

The information contained in this announcement is based on a preliminary assessment of the information currently available to the Board. It has not been audited nor reviewed by the independent auditors of the Company and/or the audit committee of the Company, and may be subject to further adjustments. This announcement contains certain forward looking statements (the “Forward Looking Statements”) in relation to financial conditions, results of operation and business of the Group. The Forward Looking Statements are made based on the preliminary assessment of information currently available to the Board, and 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 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, April 14, 2022

As at the date of this announcement, the Board of the Company comprises Mr. ZHAO Lin, Ms. PENG Xin and Mr. DENG Bin as executive directors; Mr. PAN Pan 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.