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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 2023

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 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, 2023 (the “**Quarter**”).

NUMBER OF STORES

During the Quarter, the Group recorded a net addition of 38 *Nayuki* teahouses and closed 9 *Nayuki* teahouses. As of March 31, 2023, the Group operated a total of 1,106 *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, 2023	As at December 31, 2022
Number of Type-I Teahouses		
Tier 1 cities	322	309
New Tier 1 cities	302	294
Tier 2 cities	217	213
Other cities ⁽¹⁾	82	80
Total	923	896

	As at March 31, 2023	As at December 31, 2022
Number of Type-II Teahouses		
Tier 1 cities	73	64
New Tier 1 cities	65	63
Tier 2 cities	30	29
Other cities ⁽¹⁾	15	16
Total	183	172

Notes:

- (1) Including (i) cities of other tiers across mainland China and (ii) cities outside mainland China.
- (2) At present, almost all of the newly opened *Nayuki* teahouses of the Group are PRO teahouses, and the existing regular teahouses will be gradually converted into PRO teahouses upon the expiry of their lease or with the permission of the shopping malls or other lessors. At present, the differences between regular teahouses and PRO teahouses are relatively minor and will continue to reduce in the future, and we will no longer put emphasis on such differences. Due to the similarity of the location and operating performance of the stores, regular teahouses and Type-I PRO Teahouses disclosed previously was consolidated as “Type-I Teahouses” in the 2022 interim report of the Group, while Type-II PRO Teahouses located in other less prime shopping malls, office buildings, residential neighborhoods, etc. was named as “Type-II Teahouses”. Meanwhile, we will no longer separately disclose the number of regular teahouses that have been converted to PRO teahouses on a quarterly basis.

OPERATIONS FOR THE QUARTER

With a rapid decline in the COVID-19 pandemic after its peak in the Quarter, prominent recovery of the offline consumption was seen with a swift improvement in performance of the teahouses. As the Group's new products were priced at a more balanced level, the average sales value per order increased by 10-20% as compared to that in the previous quarter. Meanwhile, the Group has always placed high emphasis on creativity and launched two new flavors of base tea inspired by its classic tea products. The market attention of the Group has increased via marketing activities such as co-branding collaborations between the Group's new products and other hot brands; and offline consumption recovery have escalated both the numbers of sales orders and volume. After the Chinese New Year, the same-store sales of Nayuki teahouses have turned positive as compared to that in the previous quarter. The flu season in February and March did not adversely affect the operation of the teahouses, the revenue remained on the right track to recovery. In terms of cost and expense, the operating profit margin of the *Nayuki* teahouses for the Quarter maintained at a higher level due to the recovery of revenue and the on-going optimization of cost structure. The Group is confident that the operating profit margin of the *Nayuki* teahouses in 2023 will float at the level of 20% or above.

In January and February 2023, the Company experienced much less difficulty in identifying location for opening new *Nayuki* teahouses as a result of the increasing its brand value. The Company was able to acquire a better location at a reasonable price. As such, the Company adheres its strategy of “increasing store intensity in high-tier cities where we have established our presence”, to adjust upward its annual store expansion plan to 600 stores, on condition of high-quality location with desirable rent. As at the end of the Quarter, approximately 300 locations for new stores were or will soon be secured by the Company through entering lease agreement. It is expected that the Company will gradually speed up its store expansion later, in line with the usual level of the Group's store expansion strategy in the previous periods.

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

Shenzhen, April 18, 2023

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.