

luckin coffee



LKNCY 2022Q1 Earnings Highlights

May 24, 2022



DISCLAIMER

This presentation contains certain financial measures that are not recognized under generally accepted accounting principles in the United States (“GAAP”), including non-GAAP operating income/loss, non-GAAP net income/loss, non-GAAP basic and diluted net income/loss per ADS. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures, please see the table captioned “Reconciliation of Non-GAAP Measures to the Most Directly Comparable GAAP Measures” in the earnings release.

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Experienced and tested management team with proven execution skills



Jinyi GUO
Chairman & CEO
Speaker



Reinout SCHAKEL
CFO & CSO
Speaker



Shan JIANG
SVP
Speaker



Fei YANG
Chief Growth Officer



Wenbao CAO
Director & SVP



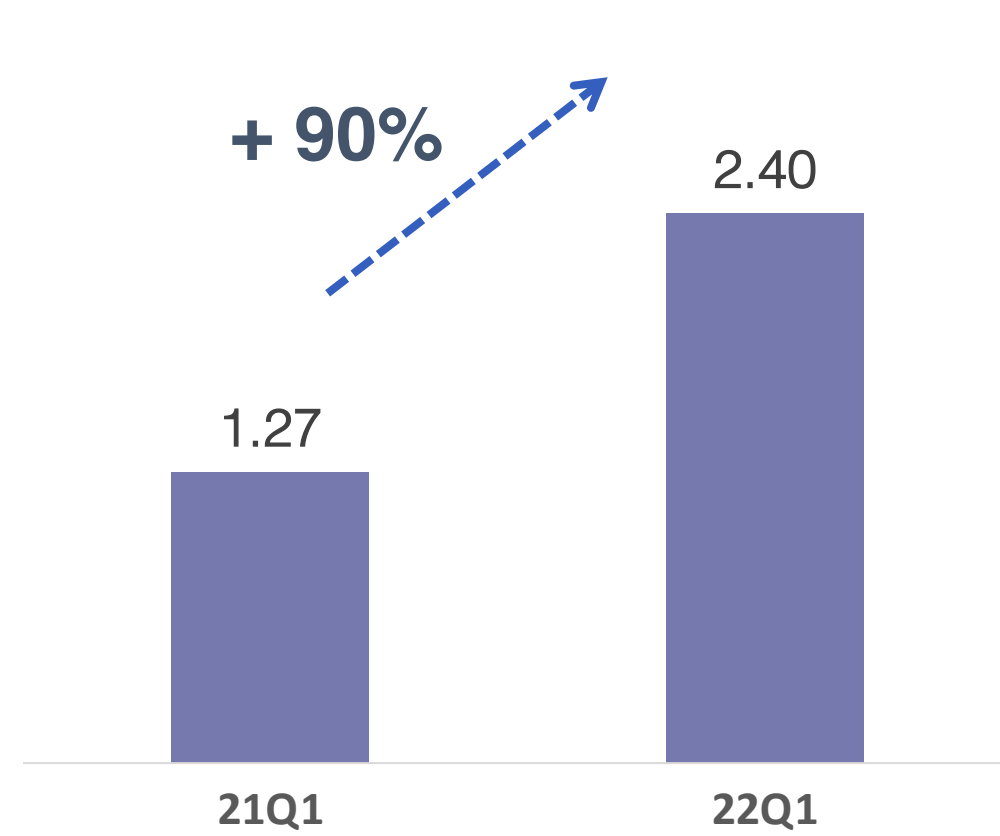
Weiming ZHOU
SVP



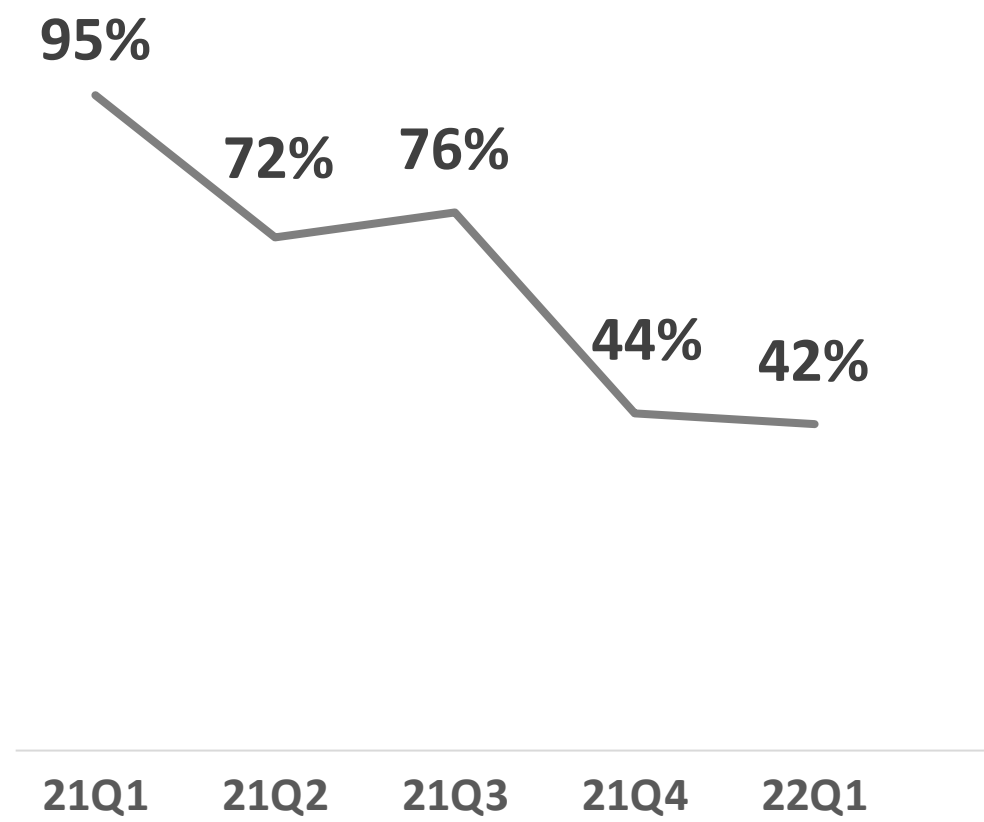
Gang WU
SVP

Strong performance in the first quarter despite impact of COVID-19

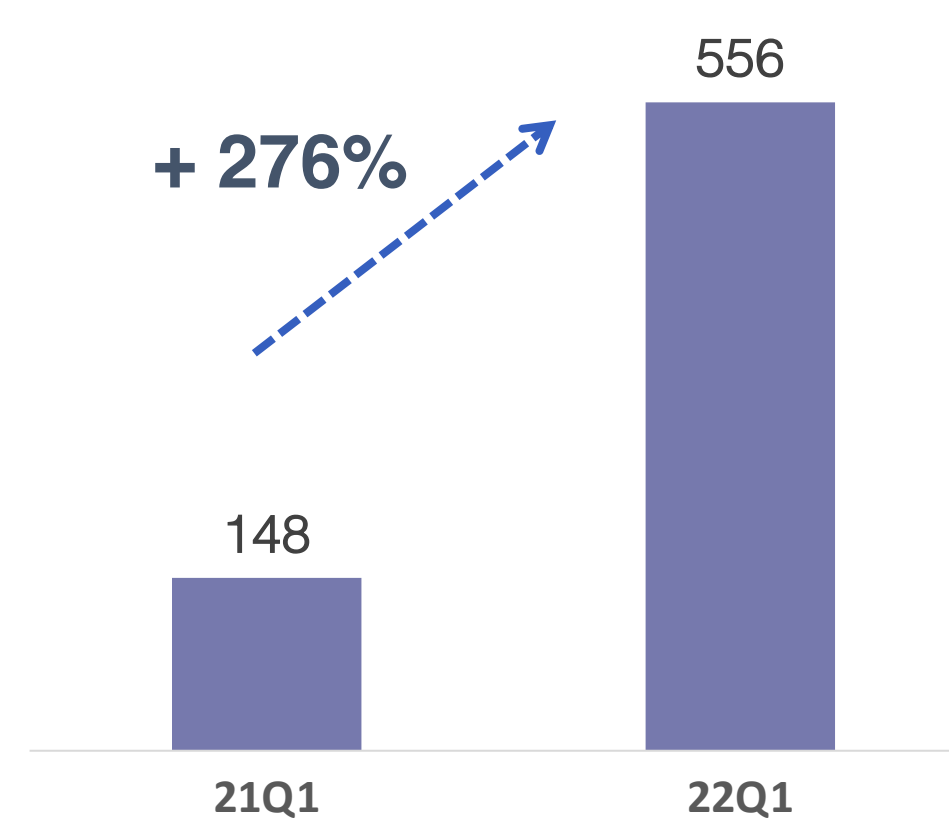
Total Net Revenues (1)
+90% YoY
(RMB billions)



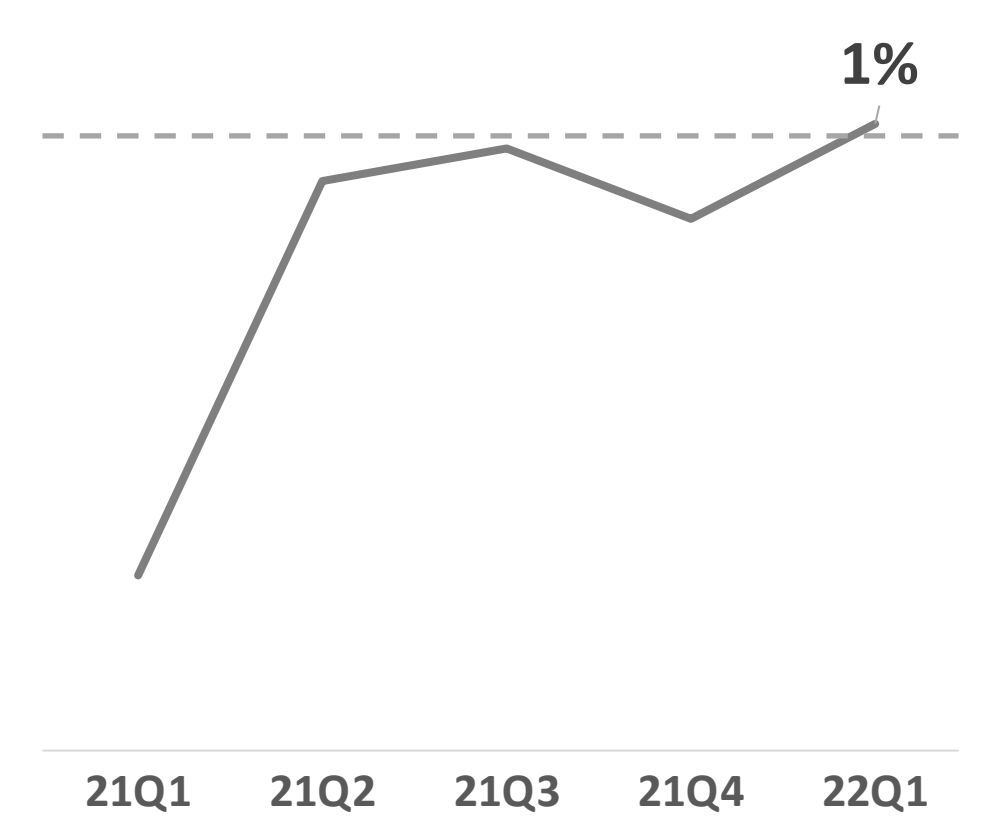
Same-store Sales Growth Rate Self-operated Stores (2)



Net Number of New Stores Opened
+276% YoY



Reported Operating Profit Turns Positive



Notes:

(1) Total net revenues include revenues from product sales and revenues from partnership stores.

(2) Same-store sales growth for self-operated stores. Defined as growth rate of total revenue from self-operated stores that has been in operation as at comparable period beginning and was not closed before current period ending with the number of average operating days over 15 per month over both current period and last year's comparable period.

Our goal is to build a world-class consumer brand for generations to come

Our mission:

“ *To create lucky moments and inspire* ”

Our vision:

“ *To build a world-class coffee brand and become part of everyone’s daily life* ”

Our values:

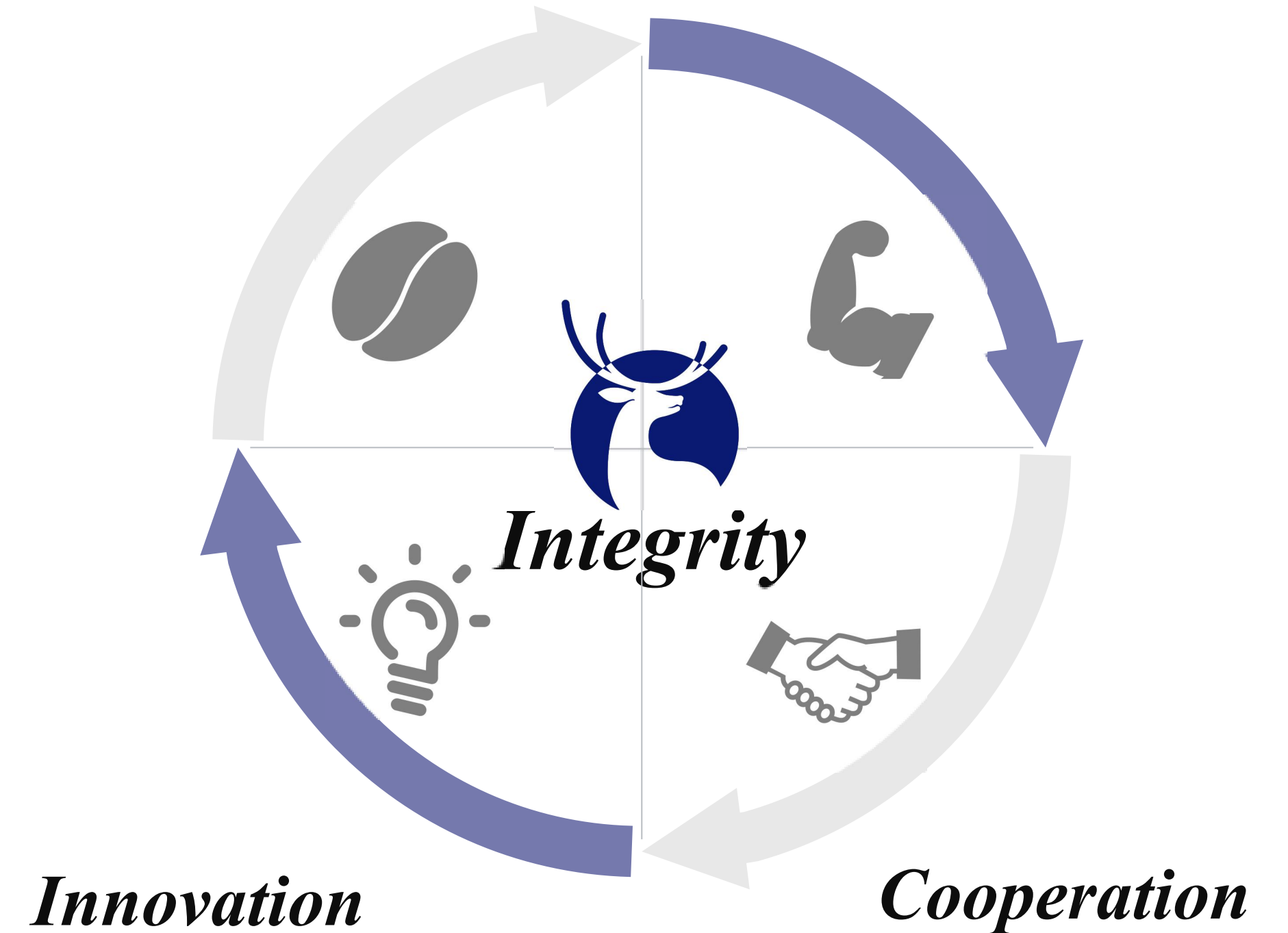
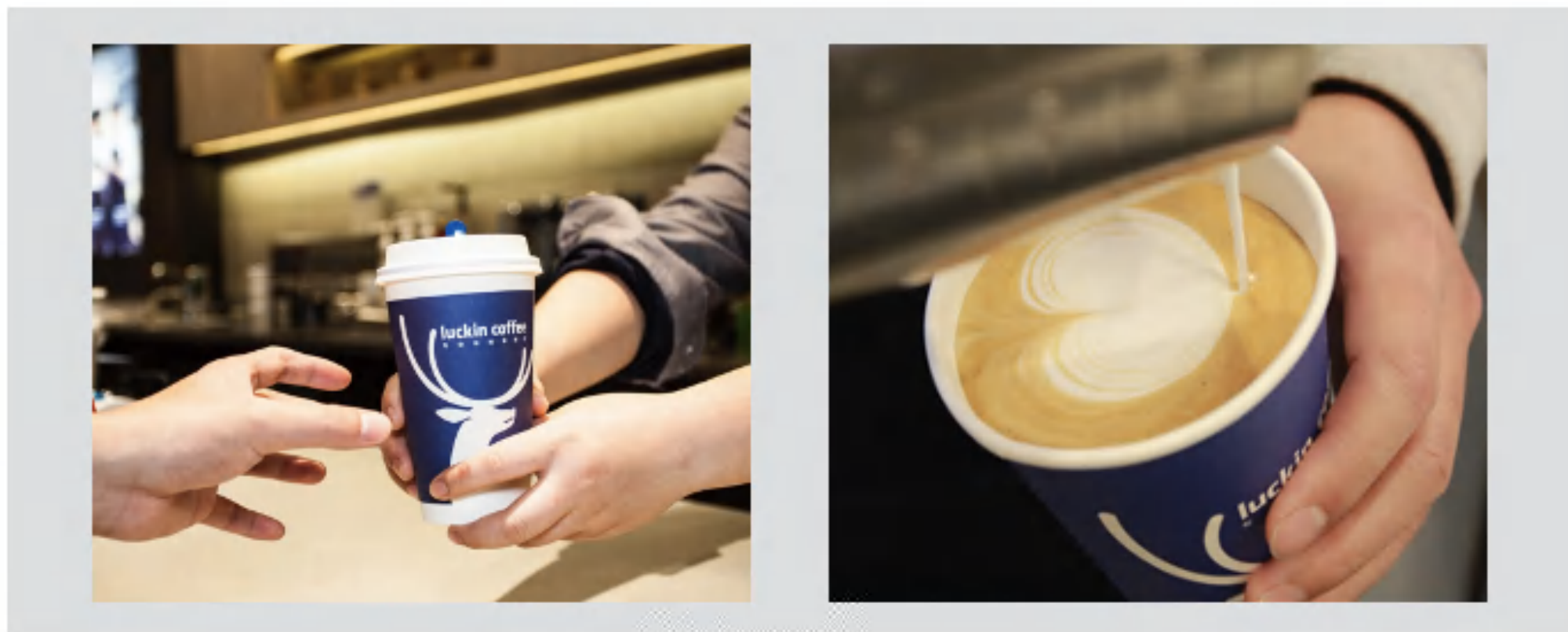
Craftsmanship

Ownership

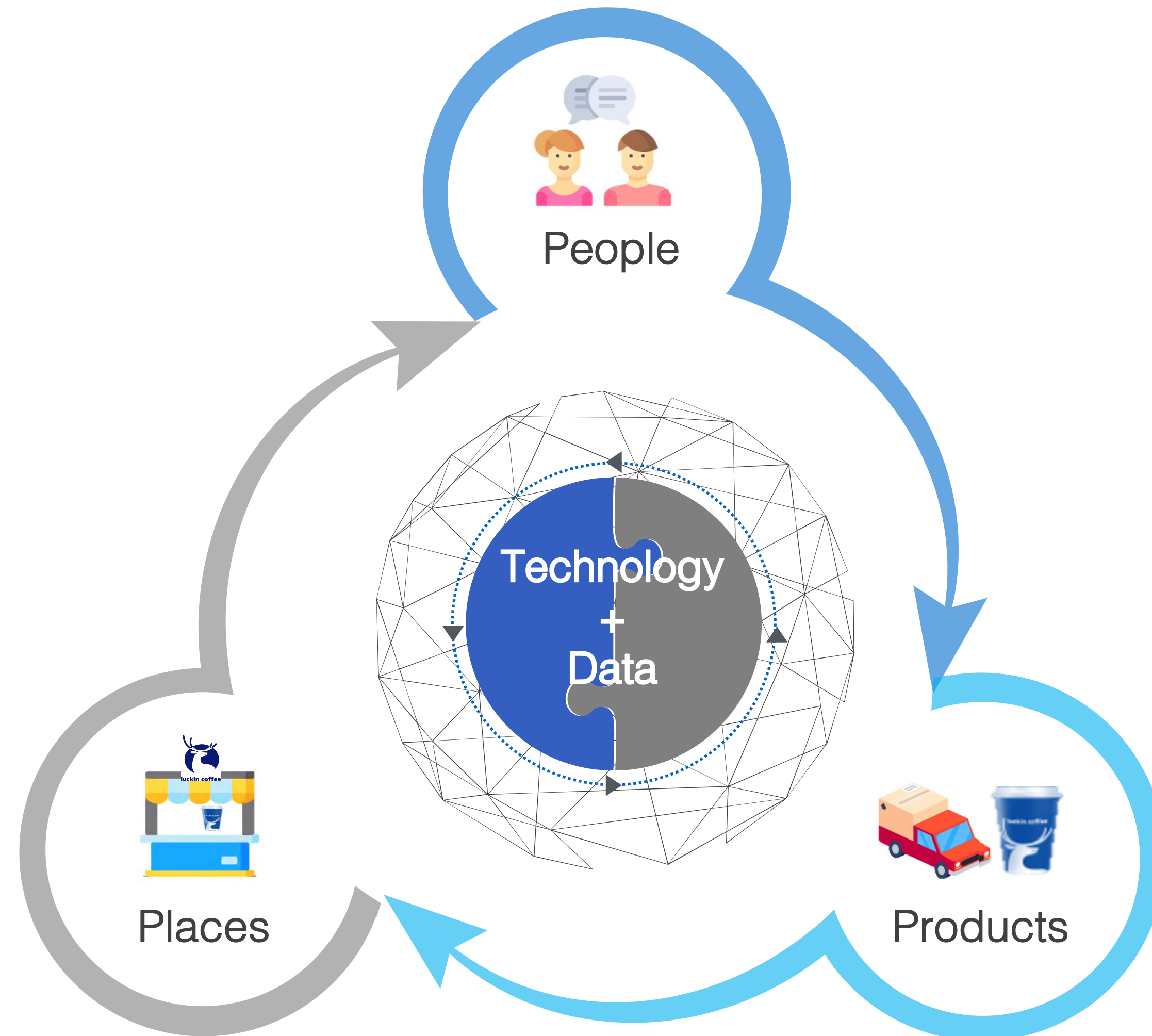
Innovation

Cooperation

Integrity



Technology will continue to be the driving force in building a new consumption and new retail business model supported by three pillars of “People, Products and Places”



Brand strategy: Professionalism, youth, fashion and wellness



Professionalism

年轻!
就要瑞幸

LIVIN' YOUNG
LUCKIN ON



Youth



Fashion



Wellness

Product strategy: focus on professionalism & good flavors



Source premium coffee beans from renowned plantations




Established our own coffee roasting facility



Utilize data and digitalized systems in product R&D process

Largest coffee chain in China in terms of store count⁽¹⁾ with significant further potential

 **6,500+ Stores**



Self-operated stores:

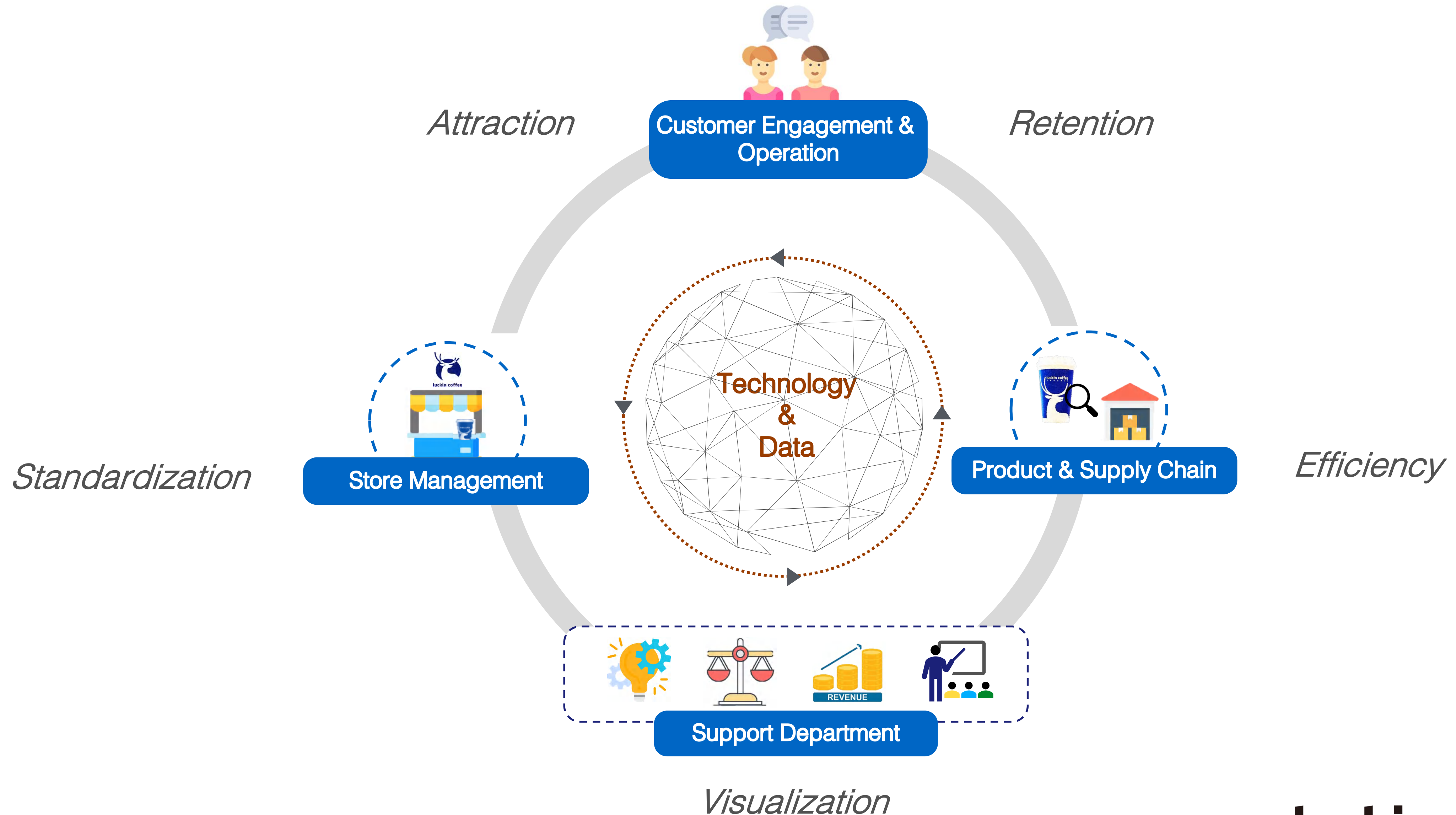
4,675 stores in **~50+** cities

Partnership stores:

1,905 stores in **~220+** cities

Note
(1) Based on publicly available information, in terms of # of stores.

Our technological advantage is what sets us apart from traditional F&B companies



Contrarian growth profile under current pandemic fueled by our competitive advantages

Store Network



~48% of our self-operated stores are in office buildings



~12% of our self-operated stores are in schools



Cost Structure

Small-scale pick-up stores with low fixed costs



Well-balanced mix of full-time and part-time baristas

Brand Reputation

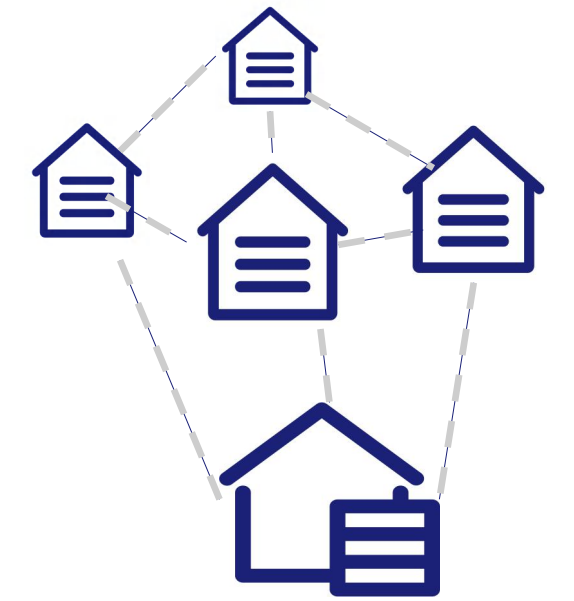


Product Development



22Q1 launched 34 new freshly brewed beverages

Emergency Plan



Grid-based supply chain network in multiple locations

Successful emergence from financial restructuring - Highlights

- 
- July 2020* Appointment of “Light-Touch” Joint Provisional Liquidators in the Cayman Islands
 - December 2020* Reached settlement with SEC
 - March 2021* Entered into Restructuring Support Agreement ("RSA") with majority of convertible bondholders
 - April 2021* Signed investment agreement with existing shareholders
 - September 2021* Announced term sheet to settle U.S. securities class action
 - September 2021* Launched Scheme of Arrangement per RSA
 - November 2021* Closing of investment agreement with existing shareholders
 - January 2022* Restructuring Effective Date in relation to Convertible Bond due 2025 has occurred
 - March 2022* Successful conclusion of provisional liquidation
 - April 2022* Successfully emerged from all bankruptcy proceedings

We conducted a thorough and independent investigation of the fabricated transactions and removed those responsible



March 2020

Independent Special Committee formed to conduct independent investigation



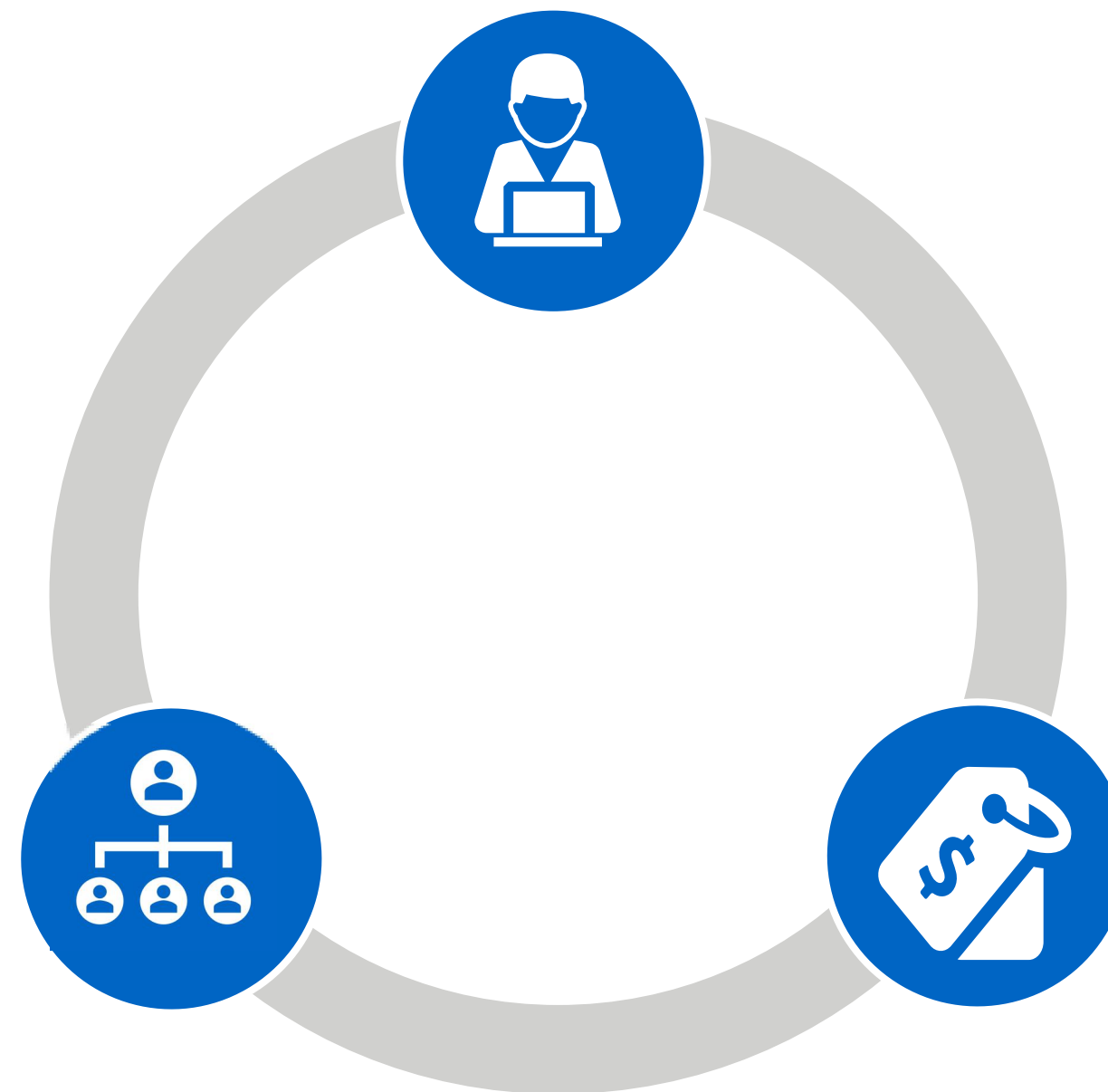
July 2020

Swift action to implement recommendations by the Special Committee to remove those responsible

We have taken steps to enhance our corporate governance structure and internal controls

- ☑ Engaged professional firms to advise us on corporate governance and internal controls

- ☑ Restructured management team, streamlined reporting lines, and recruited new talents for key finance, legal, and compliance positions

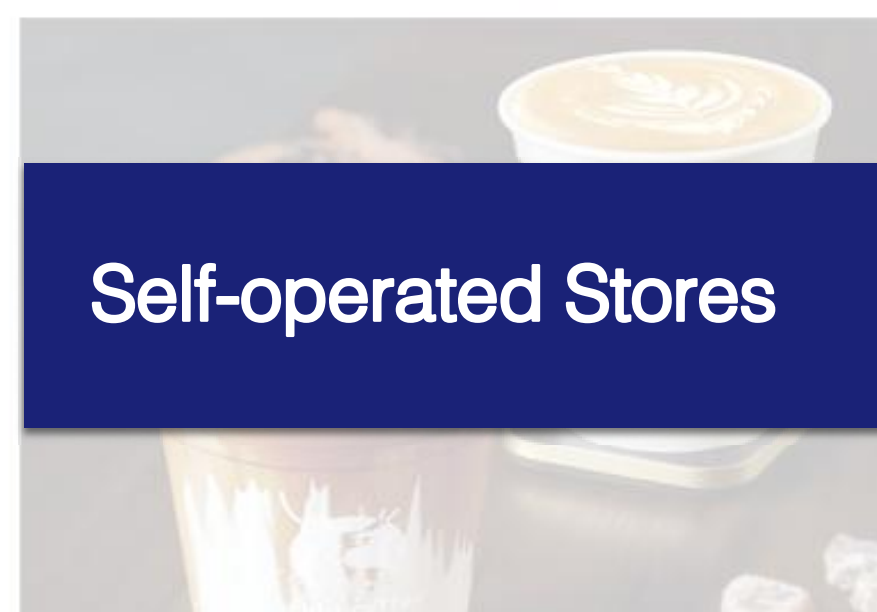


- ☑ Strengthened payment, accounting, IT, financial disclosure and other important controls

Strong financial results: nearly doubled revenues and delivered first corporate level profit despite impact of COVID-19



	Q1 '20	Q1 '21	Q1 '22
Total stores at end of quarter ⁽¹⁾	5,012	4,951	6,580
Net new stores #	223	148	556
# Average monthly transacting customers ('000) ⁽²⁾	6,609	8,728	15,975
Revenue (RMB million)	565	1,269	2,405
Revenue growth (%)	18.1%	124.5%	89.5%
Operating profit (RMB million)	(874)	(364)	16



Revenue - self-operated stores (RMB million)	512	1,031	1,715
Revenue growth (%)	15.1%	101.4%	66.2%
Same-store sales growth (%) ⁽³⁾	(31.4)%	94.5%	41.6%
Store level profit margin ⁽⁴⁾	(73.1)%	6.2%	20.3%



Revenue - partnership stores (RMB million)	21	162	549
Revenue growth (%)	n.a.	683.8%	239.3%

Notes:

(1) The number of stores open at the ending of the period, excluding unmanned machines.

(2) The total of each month's number of transacting customers divided by the number of months during the period (includes those of partnership stores and those only paid with free-coupons).

(3) Defined as growth rate of total revenue from self-operated stores that has been in operation as at comparable period beginning and was not closed before current period ending with the number of average operating days over 15 per month over both current period and last year's comparable period.

(4) Calculated by dividing store level operating profit/(loss), which is calculated by deducting cost for self-operated stores including cost of direct materials (including wastage in stores), cost of delivery packaging materials, storage and logistics expenses, store depreciation expense (including decoration loss for store closure), store rental and other operating costs, net delivery expense, transaction fees, store reopening and other expenses from our self-operated store revenues, by total revenues from self-operated stores.

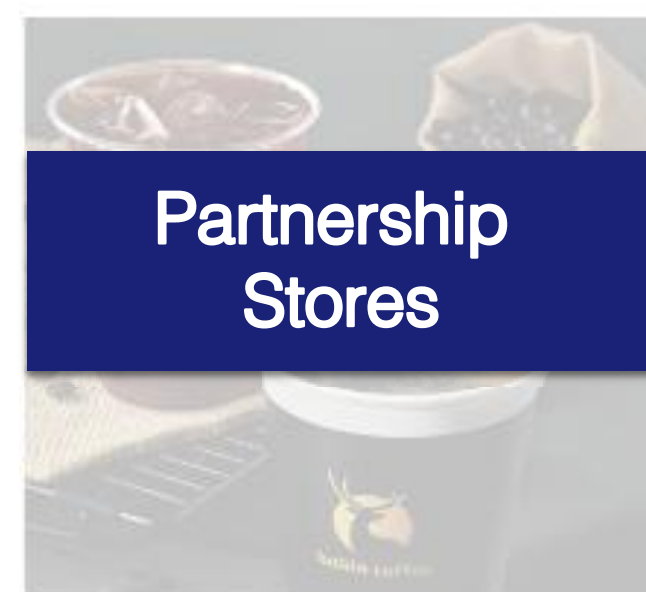
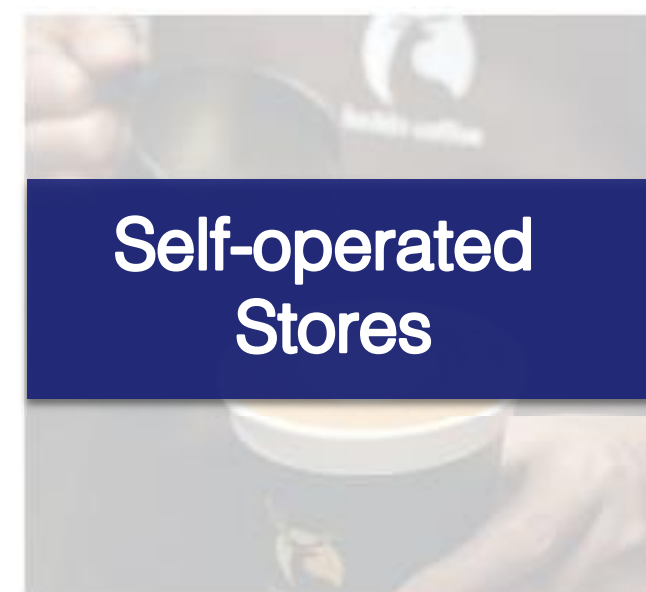
Advanced unit growth with 556 net new stores through a mix of self-operated and partnership stores

556

Q1 '22 Unit Growth

6,580

Total # of stores 31 March 2022



	Q1 '20	Q1 '21	Q1 '22
Total stores at end of the quarter	4,511	3,939	4,675
Net new openings	+4	+10	+278
Total cities at end of the quarter	55	56	56
Total stores at end of the quarter	501	1,012	1,905
Net new openings	+219	+138	+278
Total cities at end of the quarter	146	197	220

Strategy: Self-operated

- ✓ Focus on higher tier cities
- ✓ Increase penetration in existing cities
- ✓ Strict new store opening criteria

Strategy: Partnership

- ✓ Focus on lower tier cities
- ✓ Increase penetration & expand into new cities
- ✓ Stringent partner & store selection process

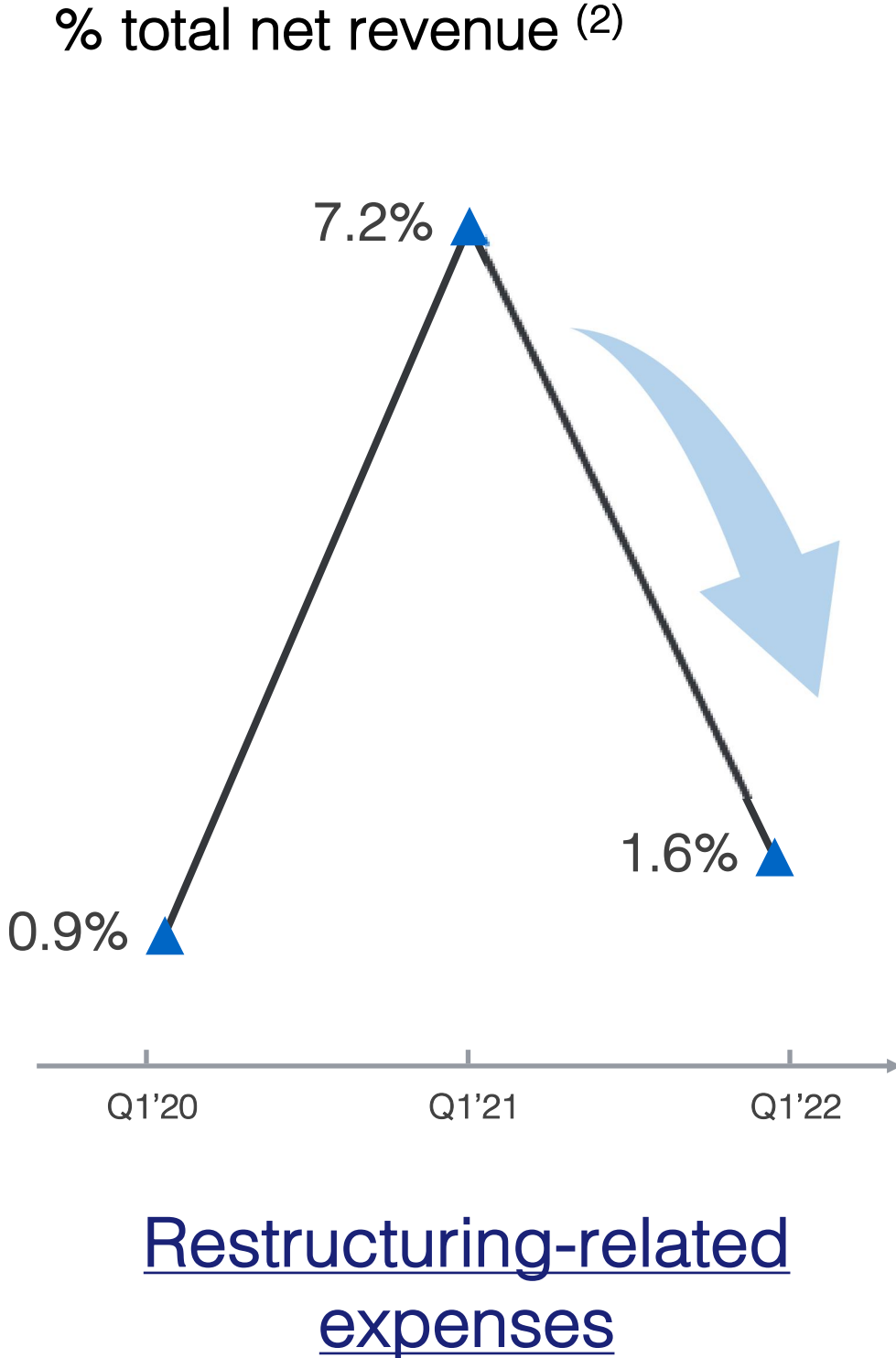
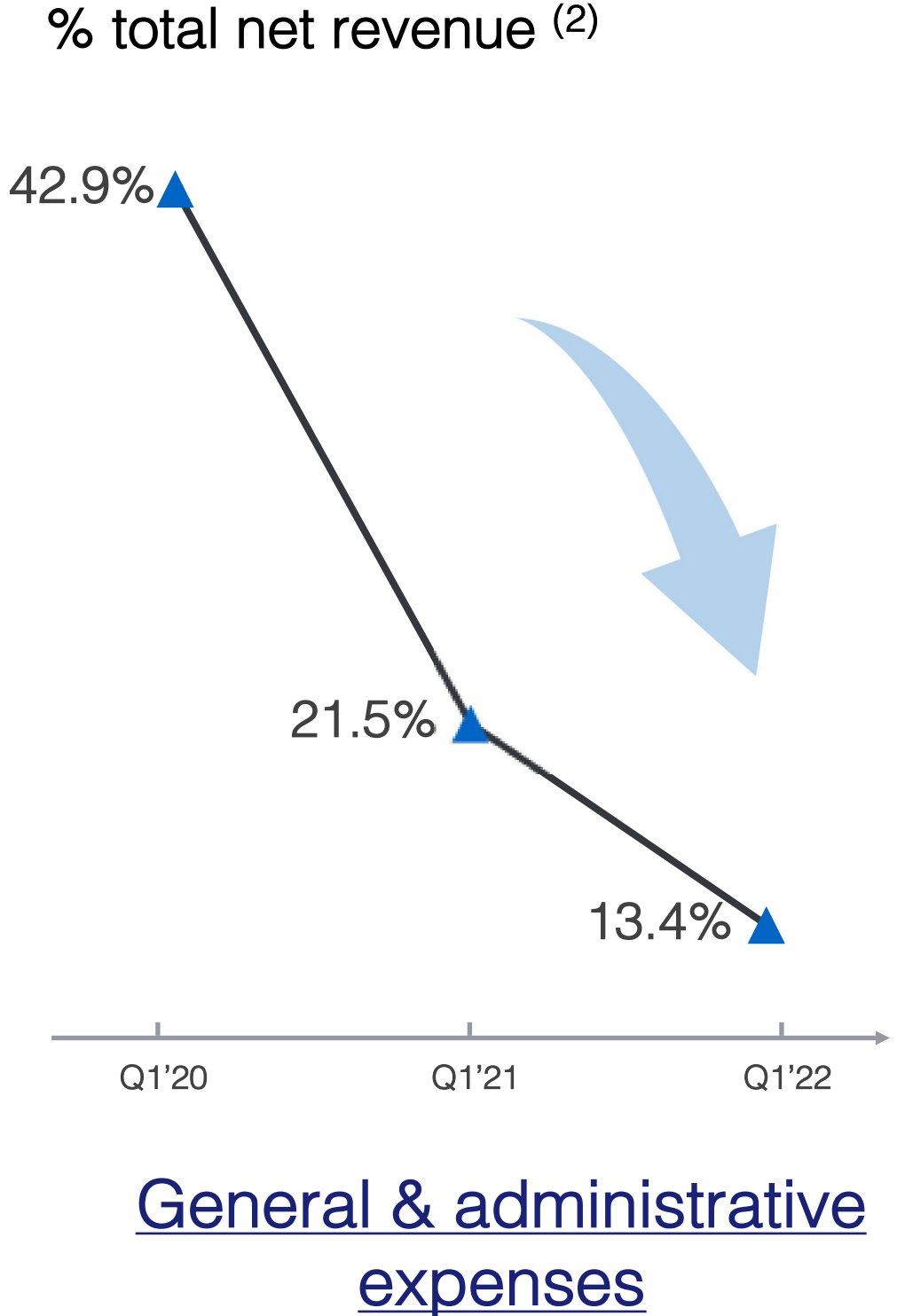
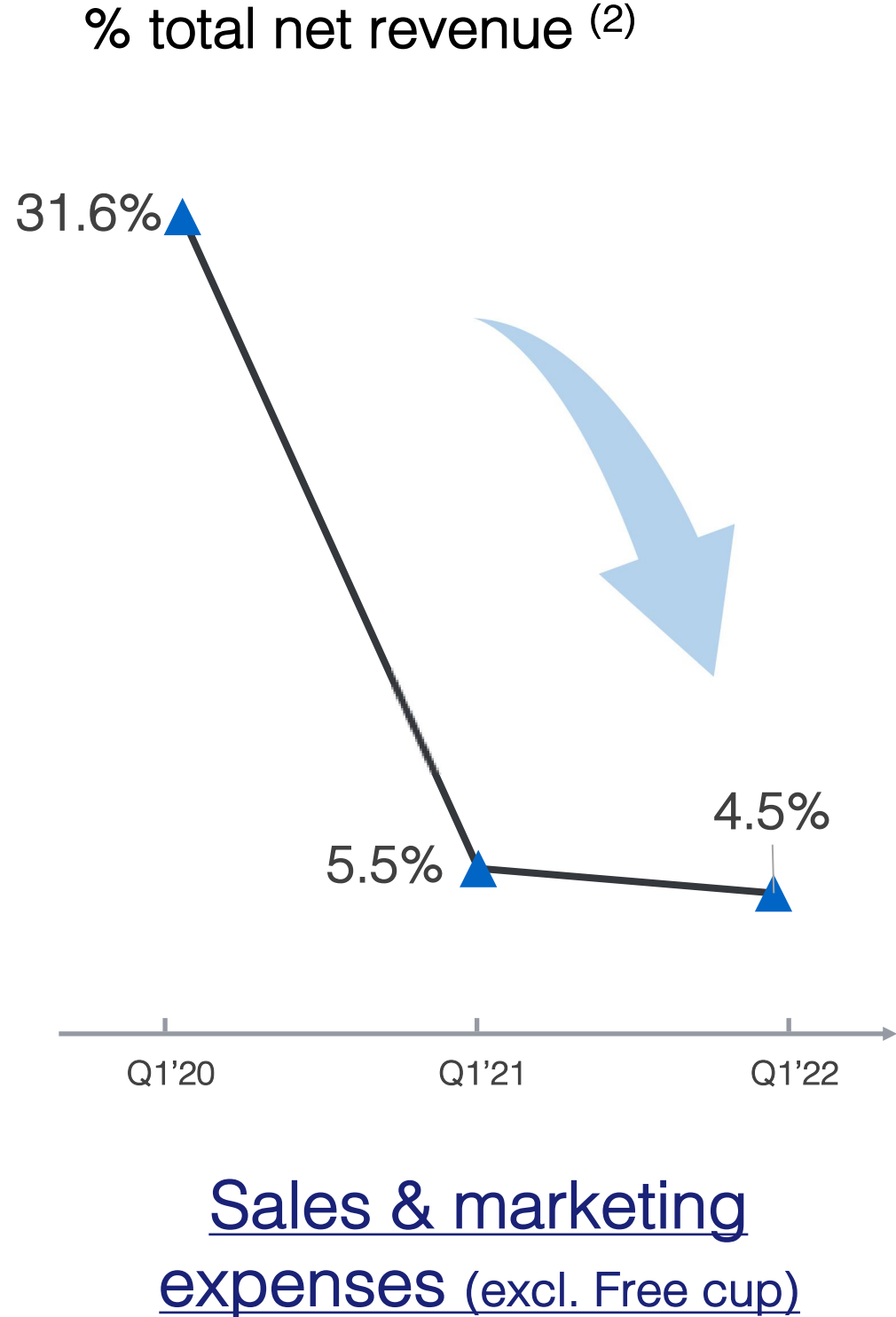
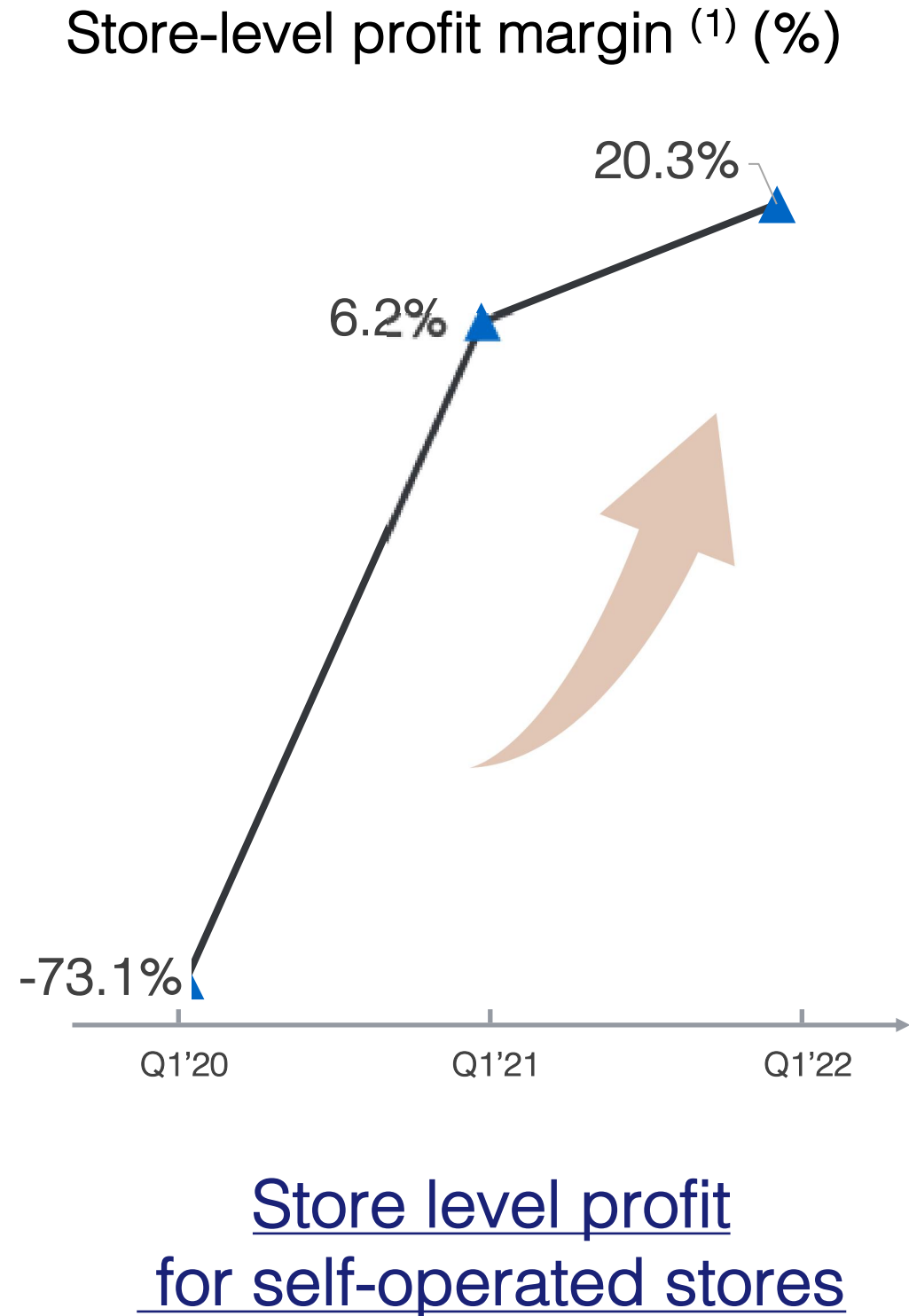


Partnership model is highly complementary to our self-operated store model and has several attractive features



Improving profitability profile as a result of proven store operating model and benefits of scale

Reached positive operating profit in Q1 for the first time since inception



Notes:
 (1) Calculated by dividing store level operating profit/(loss), which is calculated by deducting cost for self-operated stores including cost of direct materials (including wastage in stores), cost of delivery packaging materials, storage and logistics expenses, store depreciation expense (including decoration loss for store closure), store rental and other operating costs, net delivery expense, transaction fees, store reopening and other expenses from our self-operated store revenues, by total revenues from self-operated stores.
 (2) As a percentage of net revenue.

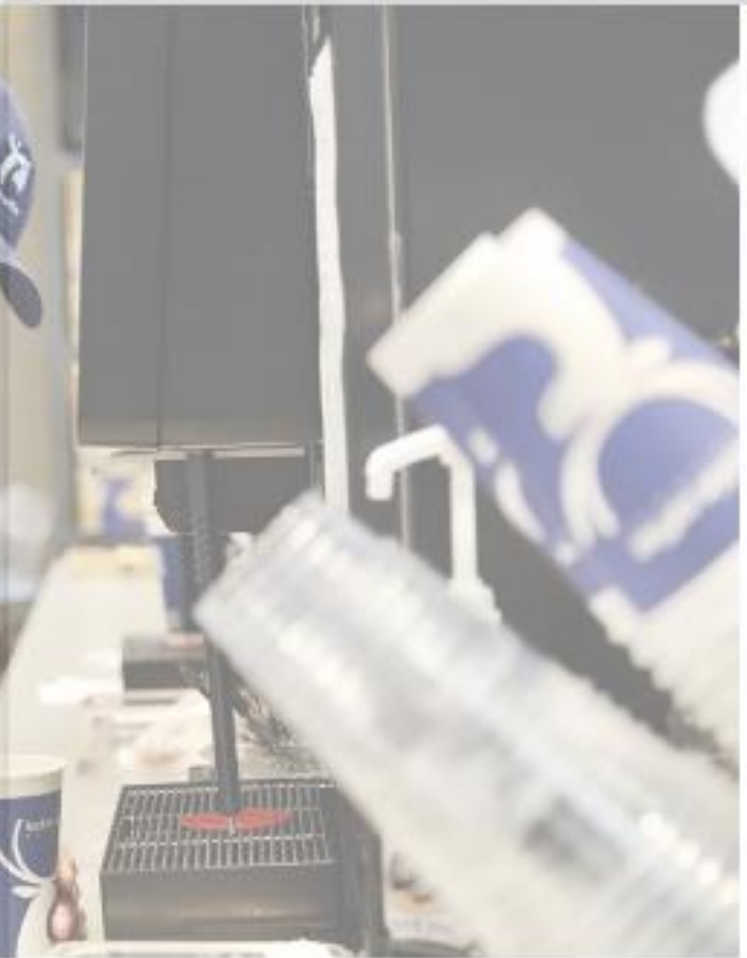
Healthy balance sheet and achieved positive free cashflow in the first quarter



(RMB million)	Q1 '20	Q1 '21	Q1 '22
Cash and cash equivalents ⁽¹⁾	7,871	4,878	5,021
Interest-bearing debt	3,740	3,014	802
Cashflow from operating activities	(1,034)	(233)	108
Capital expenditure	(233)	(32)	(70)
Free cashflow	(1,267)	(265)	38

Notes

(1) Includes restricted cash and liquid investments. Investments do not include TRUSTs that were subsequently impaired.



Thank
You

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