# Luckin Coffee Inc．Announces Unaudited Second Quarter 2019 Financial Results 

Net Revenues from Products Increased Over 698 Percent Year－Over－Year with 5．9 Million New Transacting Customers Acquired During the Quarter<br>Company Approaching Store Level Break－Even Point

BEIJING，China，August 14， 2019 （GLOBE NEWSWIRE）－Luckin Coffee Inc．（＂Luckin Coffee＂or the＂Company＂） （NASDAQ：LK），a pioneer of a technology－driven new retail model to provide coffee and other products of high quality，high affordability，and high convenience to customers，today announced its unaudited financial results for the second quarter ended June 30， 2019.

## SECOND QUARTER 2019 HIGHLIGHTS ${ }^{1}$

－Total net revenues from products in the quarter were RMB870．0 million（US\＄126．7 million），representing an increase of $698.4 \%$ from RMB109．0 million in the same quarter of 2018.
－Cumulative number of transacting customers increased to 22.8 million from 2.9 million as of the end of the second quarter of 2018．During the second quarter of 2019，the Company acquired 5.9 million new transacting customers．
－Average monthly transacting customers in the quarter were 6.2 million，representing an increase of $410.6 \%$ from 1.2 million in the second quarter of 2018.
－Average monthly total items sold in the quarter were 27.6 million，representing an increase of $589.7 \%$ from 4.0 million in the second quarter of 2018.
－Total number of stores at the end of the quarter were 2，963 stores，representing an increase of $374.8 \%$ from 624 stores at the end of the second quarter of 2018.
－Store level operating loss in the quarter was RMB55．8 million（US\＄8．1 million），decreasing from a loss of RMB81．7 million in the second quarter of 2018.
＂We are pleased with the performance of our business as we continue to execute against our long－term growth plan，＂said Ms．Jenny Zhiya Qian，Chief Executive Officer of Luckin Coffee．＂Total net revenues from products sold increased $698.4 \%$ year－over－year，driven by a significant increase in transacting customers，an increase in the

[^0]1 ／ 13
average number of items purchased by our transacting customers and higher effective selling prices. We believe this is the result of our distinguished value proposition of delivering our customers high quality, high convenience and high affordability."

Ms. Qian continued, "At the same time we have substantially reduced our store operating loss as a percentage of net revenues as a result of benefits of scale and increased bargaining power, operating efficiency from technology, and higher store throughput, and we are on track to reach our store level break-even point during the third quarter of 2019."
"Furthermore, we opened 593 net new Luckin stores during the quarter, providing enhanced convenience to our customers, and strategically launched our new freshly-brewed tea drinks 'Luckin Tea' to capture different consumption moments and benefit from strong demand for freshly-brewed tea drinks in China. We also strengthened our supply chain and continued to invest in our brand and our technology. Finally, we remain on track to become the largest coffee network in China in terms of number of stores by the end of 2019," concluded Ms. Qian.

## SECOND QUARTER 2019 UNAUDITED FINANCIAL RESULTS

Total net revenues were RMB909.1 million (US\$132.4 million) in the second quarter, representing an increase of $648.2 \%$ from RMB121.5 million in the second quarter of 2018. Net revenues growth was primarily driven by a significant increase in the number of transacting customers, an increase in effective selling prices, and the number of products sold.

- Net revenues from freshly brewed drinks were RMB659.2 million (US\$96.0 million), representing 72.5\% of total net revenues in the second quarter of 2019, compared to RMB100.5 million, or $82.7 \%$ of total net revenues, in the second quarter of 2018.
- Net revenues from other products were RMB210.8 million (US\$30.7 million), representing 23.2\% of total net revenues in the second quarter of 2019, compared to RMB8.4 million, or $7.0 \%$ of total net revenues, in the second quarter of 2018.
- Other revenues, which mainly include delivery fees, were RMB39.1 million (US\$5.7 million), representing 4.3\% of total net revenues in the second quarter of 2019, compared to RMB12.5 million, or $10.3 \%$ of total net revenues, in the second quarter of 2018.

Total operating expenses were RMB1,598.8 million (US\$232.9 million), representing an increase of $243.9 \%$ from RMB465.0 million in the second quarter of 2018. The increase in operating expenses was in line with business expansion. Meanwhile, operating expenses as a percentage of net revenues decreased to $175.9 \%$ in the second quarter of 2019 from $382.7 \%$ in the second quarter of 2018, mainly driven by increased economies of scale and the Company's technology-driven operations.

- Cost of materials were RMB465.8 million (US $\$ 67.9$ million), representing an increase of $514.8 \%$ from RMB75.8 million in the second quarter of 2018, in line with the increase in sales of products.
- Store rental and other operating costs were RMB371.5 million (US $\$ 54.1$ million), representing an increase of $271.7 \%$ from RMB99.9 million in the second quarter of 2018 , mainly due to increases in the number of stores and headcount.
- Depreciation expenses were RMB88.5 million (US\$12.9 million), representing an increase of $491.0 \%$ from RMB15.0 million in the second quarter of 2018, mainly due to increases in depreciation of leasehold improvements and purchases of operating equipment.
- Sales and marketing expenses were RMB390.1 million (US\$56.8 million), representing an increase of $119.1 \%$ from RMB178.1 million in the second quarter of 2018, mainly due to increases in advertising expenses and delivery expenses as the Company launched new marketing initiatives and entered into new cities. Furthermore, free product promotion expenses increased in line with the growth of new transacting customers.
- General and administrative expenses were RMB265.8 million (US $\$ 38.7$ million), representing an increase of $254.8 \%$ from RMB74.9 million in the second quarter of 2018. The increase in general and administrative expenses was mainly driven by business expansion, costs related to the Company's Initial Public Offering ("IPO"), and share-based compensation to senior management.
- Store preopening and other expenses were RMB17.2 million (US $\$ 2.5$ million), representing a decrease of $19.4 \%$ from RMB21.3 million in the second quarter of 2018, mainly due to decreased rental costs before opening as a result of improved efficiency for new store openings.

Operating loss was RMB689.7 million (US\$100.5 million) compared to RMB343.4 million in the second quarter of 2018. Non-GAAP operating loss was RMB619.3 million (US $\$ 90.2$ million) compared to RMB343.4 million in the second quarter of 2018. For more information on non-GAAP financial measures, please see the section of "Use of Non-GAAP Financial Measures" and the table captioned "Reconciliation of Non-GAAP Measures to the Most Directly Comparable GAAP Measures" set forth at the end of this press release.

Net loss was RMB681.3 million (US\$99.2 million) compared to RMB333.0 million in the second quarter of 2018. Non-GAAP net loss was RMB610.8 million (US $\$ 89.0$ million) compared to RMB333.0 million in the second quarter of 2018.

Basic and diluted net loss per ADS was RMB6.56 (US\$0.96) compared to a loss of RMB23.04 in the second quarter of 2018. Non-GAAP basic and diluted net loss per ADS was RMB3.28 (US\$0.48) compared to a loss of RMB6.80 in the second quarter of 2018.

Net cash used in operating activities was RMB375.2 million (US\$54.7 million) compared to RMB196.0 million in the second quarter of 2018. The increase was primarily driven by an increase in operating expenses as a result of expansion of the Company's business operations.

Cash and cash equivalents and short-term investments were RMB6,051.2 million (US $\$ 881.5$ million) as of June 30, 2019, compared to RMB1,761.0 million as of December 31, 2018. The increase was primarily driven by the net proceeds of US $\$ 158.8$ million from the issuance of Series B-1 convertible redeemable preferred shares in April 2019 to certain investors and the net proceeds of US $\$ 657.2$ million from the IPO and the concurrent private placement.

## KEY OPERATING DATA

|  | For the three months ended or as of |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{gathered} \hline \text { Jun 30, } \\ 2018 \\ \hline \end{gathered}$ | $\begin{gathered} \hline \text { Sep 30, } \\ 2018 \end{gathered}$ | $\begin{gathered} \hline \text { Dec31, } \\ 2018 \end{gathered}$ | $\begin{gathered} \hline \text { Mar 31, } \\ 2019 \end{gathered}$ | $\begin{gathered} \hline \text { Jun 30, } \\ 2019 \\ \hline \end{gathered}$ |
| Total stores | 624 | 1,189 | 2,073 | 2,370 | 2,963 |
| Pick-up stores | 356 | 903 | 1,811 | 2,163 | 2,741 |
| Relax stores | 22 | 45 | 86 | 109 | 123 |
| Delivery kitchens | 246 | 241 | 176 | 98 | 99 |
| Cumulative number of transacting customers (in thousands) | 2,917.8 | 5,984.3 | 12,529.5 | 16,872.3 | 22,777.5 |
| Average monthly transacting customers (in thousands) | 1,207.6 | 1,877.4 | 4,325.9 | 4,402.0 | 6,166.0 |
| Average monthly total items sold (in thousands) | 4,001.0 | 7,760.3 | 17,645.1 | 16,275.8 | 27,593.0 |
| Freshly brewed drinks | 3,743.7 | 6,220.4 | 13,418.8 | 13,077.2 | 21,055.7 |
| Other products | 257.3 | 1,539.9 | 4,226.4 | 3,198.6 | 6,537.3 |

## GUIDANCE

For the third quarter ending 30 September 2019, the Company expects net revenues from products to be between RMB1.35 billion and RMB1.45 billion. This forecast reflects the Company's current and preliminary views, which are subject to change.

## SUBSEQUENT EVENTS

On July 22, 2019 the Company signed a Memorandum of Understanding with Kuwait Food Company Americana K.S.C.C ("Americana Group"), the largest integrated food product company in the Middle East, to establish a joint venture to launch a new retail coffee business in the Greater Middle East and India.

## KEY DEFINITIONS

- Net revenues from products. Calculated as the sum of net revenues from freshly brewed drinks and net revenues from other products.
- Transacting customers for the period. Refers to a customer who bought at least one item we offer on our mobile apps or through third-party platforms in a given period, regardless of whether the customer paid for the item or merely ordered through our free product marketing initiative. Each unique mobile account is treated as a separate customer for purposes of calculating transacting customer.
- Cumulative number of transacting customers. The total number of transacting customers since our inception.
- Average monthly transacting customers. The number of average monthly transacting customers in the three months during the quarter.
- Average monthly total items sold. Calculated by dividing the total number of items sold during the quarter by three.
- Store level operating profit (loss). Calculated by deducting the cost of materials, store rental and other operating costs, and depreciation expenses from net revenues from products.
- Non-GAAP operating loss. Calculated by adjusting operating loss for non-cash share-based compensation expenses.
- Non-GAAP net loss. Calculated by adjusting net loss for non-cash share-based compensation expenses and change in the fair value of warrant liability.
- Non-GAAP basic and diluted net loss per share. Calculated as non-GAAP net loss divided by weighted average number of basic and diluted share.
- Non-GAAP basic and diluted net loss per ADS. Calculated as non-GAAP net loss divided by weighted average number of basic and diluted ADS.


## CONFERENCE CALL

A conference call and webcast to discuss Luckin Coffee's financial results and guidance will be held at 8:00 a.m. U.S. Eastern Time on August 14, 2019.

Interested parties may listen to the conference call by dialing numbers below:

| United States: | $+1-845-675-0437$ |
| :--- | :--- |
| International: | $+65-6713-5090$ |
| China Domestic: | $400-620-8038$ |
| Hong Kong: | $+852-3018-6771$ |
| Conference ID: | 5790867 |

The replay will be accessible through August 28,2019 , by dialing the following numbers:

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United States: +1-646-254-3697
International: +61-2-8199-0299
Conference ID: 5790867
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The webcast will be available at investor.luckincoffee.com and will be archived on the site shortly after the call has concluded.

A presentation to supplement the call and webcast will be available on the Company's $\mathbb{R}$ website at investor.luckincoffee.com.

## USE OF NON-GAAP FINANCIAL MEASURES

In evaluating the business, the Company considers and uses non-GAAP measures, such as non-GAAP operating loss, non-GAAP net loss, non-GAAP basic and diluted net loss per ADS, as supplemental measures to review and
assess operating performance. 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 accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Company defines non-GAAP operating loss as operating loss excluding share-based compensation expenses. The Company defines non-GAAP net loss as net loss excluding share-based compensation expenses and change in fair value of warrant liability. The Company defines non-GAAP basic and diluted net loss per ADS as non-GAAP net loss divided by weighted average number of basic and diluted ADS.

The Company presents these non-GAAP financial measures because they are used by management to evaluate operating performance and formulate business plans. The Company believes that the non-GAAP financial measures help identify underlying trends in its business by excluding the impact of share-based compensation expenses, which is a non-cash charge. The Company also believes that the non-GAAP financial measures could provide further information about the Company's results of operations, enhance the overall understanding of the Company's past performance and future prospects.

The non-GAAP financial measures are not defined under U.S. GAAP and are not presented in accordance with U.S. GAAP. The non-GAAP financial measures have limitations as analytical tools. The Company's non-GAAP financial measures do not reflect all items of income and expense that affect the Company's operations and do not represent the residual cash flow available for discretionary expenditures. Further, these non-GAAP measures may differ from the non-GAAP information used by other companies, including peer companies, and therefore their comparability may be limited. The Company compensates for these limitations by reconciling the non-GAAP financial measures to the nearest U.S. GAAP performance measure, all of which should be considered when evaluating performance. The Company encourages you to review the Company's financial information in its entirety and not rely on a single financial measure.

For more information on the non-GAAP financial measures, please see the table captioned "Reconciliation of NonGAAP Measures to the Most Directly Comparable GAAP Measures" set forth at the end of this press release.

## EXCHANGE RATE INFORMATION

This announcement contains translations of certain RMB amounts into U.S. dollars ("US\$") at specified rates solely for the convenience of the reader. Unless otherwise stated, all translations from RMB to US\$ were made at the rate of RMB 6.8650 to US\$1.00, the exchange rate on June 30, 2019 set forth in the H. 10 statistical release of the Federal Reserve Board. The Company makes no representation that the RMB or US\$ amounts referred could be converted into US\$ or RMB, as the case may be, at any particular rate or at all.

## SAFE HARBOR STATEMENTS

This announcement contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "potential," "continue," "ongoing," "targets," "guidance" and similar statements. The Company may also make written or oral forwardlooking statements in its periodic reports to the U.S. Securities and Exchange Commission (the "SEC"), in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Any statements that are not historical facts, including statements about the Company's beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: the Company's growth strategies; its future business development, results of operations and financial condition; its ability to understand buyer needs and
provide products and services to attract and retain buyers; its ability to maintain and enhance the recognition and reputation of its brand; its ability to rely on merchants and third-party logistics service providers to provide delivery services to buyers; its ability to maintain and improve quality control policies and measures; its ability to establish and maintain relationships with merchants; trends and competition in China's e-commerce market; changes in its revenues and certain cost or expense items; the expected growth of China's e-commerce market; PRC governmental policies and regulations relating to the Company's industry, and general economic and business conditions globally and in China and assumptions underlying or related to any of the foregoing. Further information regarding these and other risks, uncertainties or factors is included in the Company's filings with the SEC. All information provided in this press release and in the attachments is as of the date of this press release, and the Company undertakes no obligation to update any forward-looking statement, except as required under applicable law.

## STATEMENT REGARDING PRELIMINARY UNAUDITED FINANCIAL INFORMATION

The unaudited financial information set out in this earnings release is preliminary and subject to potential adjustments. Adjustments to the consolidated financial statements may be identified when audit work has been performed for the Company's year-end audit, which could result in significant differences from this preliminary unaudited financial information.

## ABOUT LUCKIN COFFEE INC.

Luckin Coffee Inc. (NASDAQ: LK) has pioneered a technology-driven retail network to provide coffee and other products of high quality, high affordability, and high convenience to customers. Empowered by big data analytics, AI, and proprietary technologies, the Company pursues its mission to be part of everyone's everyday life, starting with coffee. The Company was founded in 2017 and is based in China. For more information, please visit www.luckincoffee.com.

## INVESTOR AND MEDIA CONTACTS

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LUCKIN COFFEE INC.

## CONDENSED CONSOLIDATED BALANCE SHEET

## AS OF DECEMBER 31, 2018 AND UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS OF JUNE 30, 2019
(Amounts in thousands of RMB and US\$, except for number of shares)

|  | As of |  |  |
| :---: | :---: | :---: | :---: |
|  | $\begin{gathered} \hline \text { 31-Dec-18 } \\ \hline \text { RMB } \end{gathered}$ | 30-Jun-19 |  |
|  |  | RMB | US\$ |
| ASSETS |  |  |  |
| Current assets: |  |  |  |
| Cash and cash equivalents | 1,630,983 | 3,988,751 | 581,027 |
| Restricted cash - current | - | 16,867 | 2,457 |
| Short-term investments | 130,000 | 2,062,410 | 300,424 |
| Receivables from online payment platforms | 4,609 | 6,950 | 1,012 |
| Inventories | 150,015 | 231,651 | 33,744 |
| Prepaid expenses and other current assets | 365,510 | 493,462 | 71,881 |
| Amount due from a related party | 147,559 | - | - |
| Total current assets | 2,428,676 | 6,800,091 | 990,545 |
| Non-current assets: |  |  |  |
| Property and equipment, net | 904,992 | 1,063,987 | 154,987 |
| Restricted cash - non-current | - | 2,002 | 292 |
| Other non-current assets | 151,408 | 294,725 | 42,932 |
| Total non-current assets | 1,056,400 | 1,360,714 | 198,211 |
| TOTAL ASSETS | 3,485,076 | 8,160,805 | 1,188,756 |

## LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' (DEFICITS)/ EQUITY

Current liabilities

| Short-term bank borrowings | 8,000 | 67,582 | 9,844 |
| :--- | ---: | ---: | ---: |
| Current portion of long-term borrowing | 72,787 | 222,758 | 32,448 |
| Capital lease obligation | 108,664 | 61,384 | 8,942 |
| Accounts and note payable | 176,704 | 258,928 | 37,717 |
| Accrued expenses and other liabilities | 371,017 | 590,991 | 86,089 |
| Amounts due to related parties | 24,198 | 7,682 | 1,119 |
| Warrant liability | 19,520 | - | - |
| Total current liabilities | $\mathbf{7 8 0 , 8 9 0}$ | $\mathbf{1 , 2 0 9 , 3 2 5}$ | $\mathbf{1 7 6 , 1 5 9}$ |

Non-current liabilities:
Long-term borrowing
Deferred revenues

Total non-current liabilitie
Total liabilities

| 226,969 |  |  |
| ---: | ---: | ---: |
| 126,469 |  |  |
| $\mathbf{3 5 3 , 4 3 8}$ | 76,998 | 11,216 |
| $\mathbf{1 , 1 3 4 , 3 2 8}$ | $\mathbf{5 2 , 5 5 0}$ | 7,655 |

## Mezzanine equity:

Series A convertible redeemable preferred shares ${ }^{1}$
Series B convertible redeemable preferred shares ${ }^{2}$
Total mezzanine equity

| $2,113,347$ |  |  |
| :--- | ---: | :--- |
| $2,164,994$ |  |  |
| $4,278,341$ |  |  |
|  |  | - |

## FINANCIAL STATEMENTS

LUCKIN COFFEE INC.

## CONDENSED CONSOLIDATED BALANCE SHEET

## AS OF DECEMBER 31, 2018 AND UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS OF JUNE 30, 2019 (Continued)
(Amounts in thousands of RMB and US\$, except for number of shares)

|  | As of |  |  |
| :---: | :---: | :---: | :---: |
|  | 31-Dec-18 | 30-Jun-19 |  |
|  | RMB | RMB | US\$ |
| Shareholders' (deficits)/equity: |  |  |  |
| Ordinary shares ${ }^{3}$ |  | - |  |
| Angel-1 shares ${ }^{4}$ | 743,376 | - |  |
| Angel-2 shares ${ }^{5}$ | 512,812 | - |  |
| Class A Ordinary shares | - | 5 | 1 |
| Class B Ordinary shares | - | 16 | 2 |
| Additional paid-in capital | 65,000 | 11,860,217 | 1,727,635 |
| Accumulated other comprehensive loss | $(2,076)$ | $(4,373)$ | (637) |
| Accumulated deficits | $(3,246,705)$ | $(5,033,933)$ | $(733,275)$ |
| Total Shareholders' (deficits)/equity | $(1,927,593)$ | 6,821,932 | 993,726 |
| TOTAL LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' (DEFICITS)/ EQUITY | 3,485,076 | 8,160,805 | 1,188,756 |

[^1]
## FINANCIAL STATEMENTS

LUCKIN COFFEE INC.

## UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE

## LOSS FOR THE THREE MONTHS ENDED JUNE 30, 2018 AND JUNE 30, 2019 AND FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND JUNE 30, 2019

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

|  | For the three months ended June 30, |  |  | For the six months ended June 30, |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 2018 | 2019 |  | 2018 | 2019 |  |
|  | RMB | RMB | US\$ | RMB | RMB | US\$ |
| Net revenues: |  |  |  |  |  |  |
| Freshly brewed drinks | 100,518 | 659,161 | 96,018 | 110,093 | 1,020,256 | 148,617 |
| Other products | 8,449 | 210,835 | 30,712 | 9,852 | 294,815 | 42,945 |
| Others | 12,542 | 39,119 | 5,698 | 14,518 | 72,554 | 10,569 |
| Total net revenues | 121,509 | 909,115 | 132,428 | 134,463 | 1,387,625 | 202,131 |
| Cost of materials | $(75,771)$ | $(465,822)$ | $(67,855)$ | $(85,190)$ | $(741,634)$ | $(108,031)$ |
| Store rental and other operating costs | $(99,939)$ | $(371,460)$ | $(54,109)$ | $(120,163)$ | $(653,831)$ | $(95,241)$ |
| Depreciation expenses | $(14,973)$ | $(88,485)$ | $(12,889)$ | $(18,938)$ | $(172,464)$ | $(25,122)$ |
| Sales and marketing expenses | $(178,061)$ | $(390,104)$ | $(56,825)$ | $(232,473)$ | $(558,207)$ | $(81,312)$ |
| General and administrative expenses | $(74,916)$ | $(265,781)$ | $(38,715)$ | $(113,938)$ | $(438,743)$ | $(63,910)$ |
| Store preopening and other expenses | $(21,296)$ | $(17,171)$ | $(2,501)$ | $(32,381)$ | $(39,545)$ | $(5,760)$ |
| Total operating expenses | $(464,956)$ | $(1,598,823)$ | $(232,894)$ | $(603,083)$ | $(2,604,424)$ | $(379,376)$ |
| Operating loss | $(343,447)$ | $(689,708)$ | $(100,466)$ | $(468,620)$ | $(1,216,799)$ | $(177,245)$ |
| Interest income | 144 | 14,134 | 2,059 | 197 | 15,685 | 2,285 |
| Interest and financing expenses | (554) | $(8,488)$ | $(1,236)$ | (554) | $(16,433)$ | $(2,394)$ |
| Foreign exchange gain/(loss), net | 13,644 | 5,584 | 813 | 7,235 | $(3,056)$ | (445) |
| Other expenses | $(2,784)$ | $(2,803)$ | (408) | $(3,484)$ | $(4,140)$ | (603) |
| Change in the fair value of warrant liability | - | - | - | - | $(8,322)$ | $(1,212)$ |
| Net loss before income taxes | $(332,997)$ | $(681,281)$ | $(99,238)$ | $(465,226)$ | $(1,233,065)$ | $(179,614)$ |
| Income tax expense |  |  |  |  |  |  |
| Net loss | $(332,997)$ | $(681,281)$ | $(99,238)$ | $(465,226)$ | $(1,233,065)$ | $(179,614)$ |
| Add: accretion to redemption value of convertible redeemable preferred shares | $(793,992)$ | $(533,191)$ | $(77,668)$ | $(793,992)$ | $(552,036)$ | $(80,413)$ |
| Add: deemed distribution to a certain holder of Series B preferred shares | - | - | - | - | $(2,127)$ | (310) |
| Net loss attributable to ordinary and angel shareholders | $(1,126,989)$ | $(1,214,472)$ | $(176,906)$ | $(1,259,218)$ | $(1,787,228)$ | $(260,337)$ |
| Loss per ordinary share ${ }^{1}$ : <br> - Basic and diluted | (2.88) | (0.82) | (0.12) | (3.29) | (1.39) | (0.20) |
| Loss per ADS (8 ordinary shares per ADS): <br> - Basic and diluted | (23.04) | (6.56) | (0.96) | (26.32) | (11.12) | (1.60) |

[^2]IPO at the conversion ratio of 1:1.

## FINANCIAL STATEMENTS

LUCKIN COFFEE INC.

## UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE

## LOSS FOR THE THREE MONTHS ENDED JUNE 30, 2018 AND JUNE 30, 2019 AND FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND JUNE 30, 2019 (Continued)

(Amounts in thousands of RMB and US\$, except for number of shares and per share data)

|  | For the three months ended June 30, |  |  | For the six months ended June 30, |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 2018 | 2019 |  | 2018 | 2019 |  |
|  | RMB | RMB | US\$ | RMB | RMB | US\$ |
| Weighted average shares outstanding used in calculating basic and diluted loss per share: |  |  |  |  |  |  |
| - Basic and diluted | 390,700,549 | 1,487,846,055 | 1,487,846,055 | 382,893,646 | 1,289,711,276 | 1,289,711,276 |
| Other comprehensive gain/ (loss), net of tax of nil: |  |  |  |  |  |  |
| Foreign currency translation difference, net of tax of nil | 26,468 | 9,625 | 1,402 | 26,706 | $(2,297)$ | (335) |
| Total comprehensive loss | $(1,100,521)$ | $(1,204,847)$ | $(175,504)$ | $(1,232,512)$ | $(1,789,525)$ | $(260,672)$ |

## LUCKIN COFFEE INC.

## UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED JUNE 30, 2018 AND JUNE 30, 2019 AND FOR THE SIX MONTHS ENDED JUNE

## 30, 2018 AND JUNE 30, 2019

(Amounts in thousands of RMB and US\$)

| Net cash used in operating activities | $\begin{gathered} \text { RMB } \\ (195,956) \end{gathered}$ | $\begin{aligned} & \text { RMB } \\ & (375,243) \end{aligned}$ | $\begin{aligned} & \text { US\$ } \\ & (54,660) \end{aligned}$ | $\begin{aligned} & \text { RMB } \\ & (319,601) \end{aligned}$ | $\begin{gathered} \text { RMB } \\ (1,002,872) \end{gathered}$ | $\begin{gathered} \text { US\$ } \\ (146,083) \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Net cash used in investing activities | $(145,214)$ | (2,364,980) | $(344,498)$ | $(312,612)$ | $(2,288,335)$ | $(333,335)$ |
| Net cash generated from financing activities | 1,314,327 | 5,565,302 | 810,677 | 1,491,973 | 5,651,536 | 823,239 |
| Effect of foreign exchange rate changes on cash and cash equivalents | 14,257 | 4,831 | 704 | 9,277 | $(2,561)$ | (373) |
| Net increase in cash and cash equivalents | 987,414 | 2,829,910 | 412,223 | 869,037 | 2,357,768 | 343,448 |
| Cash and cash equivalents at beginning of the period | 100,719 | 1,158,841 | 168,804 | 219,096 | 1,630,983 | 237,579 |
| Cash and cash equivalents at end of the period | 1,088,133 | 3,988,751 | 581,027 | 1,088,133 | 3,988,751 | 581,027 |

LUCKIN COFFEE INC.
RECONCILIATION OF NON-GAAP MEASURES TO THE MOST DIRECTLY COMPARABLE GAAP MEASURES
(Unaudited, amounts in thousands of RMB and US\$, except for number of shares and per share data)

|  | For the three months ended June 30, |  |  | For the six months ended June 30, |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 2018 | 2019 |  | 2018 | 2019 |  |
|  | RMB | RMB | US\$ | RMB | RMB | US\$ |
|  | (Amounts in thousands of RMB and US\$, except for share and per share data) |  |  |  |  |  |
| A. Non-GAAP operating loss |  |  |  |  |  |  |
| Operating loss | $(343,447)$ | $(689,708)$ | $(100,466)$ | $(468,620)$ | $(1,216,799)$ | $(177,245)$ |
| Adjusted for: |  |  |  |  |  |  |
| Share-based compensation expenses | - | 70,456 | 10,263 | - | 70,456 | 10,263 |
| Non-GAAP operating loss | $(343,447)$ | $(619,252)$ | $(90,203)$ | $(468,620)$ | $(1,146,343)$ | $(166,982)$ |
| B. Non-GAAP net loss |  |  |  |  |  |  |
| Net loss | $(332,997)$ | $(681,281)$ | $(99,238)$ | $(465,226)$ | $(1,233,065)$ | $(179,614)$ |
| Adjusted for: |  |  |  |  |  |  |
| Share-based compensation expenses | - | 70,456 | 10,263 | - | 70,456 | 10,263 |
| Change in the fair value of warrant liability | - | - | - | - | 8,322 | 1,212 |
| Non-GAAP net loss | $(332,997)$ | $(610,825)$ | $(88,975)$ | $(465,226)$ | $(1,154,287)$ | $(168,139)$ |
| C. Non-GAAP net loss per share basic and diluted |  |  |  |  |  |  |
| Net loss attributable to the Company's ordinary shareholders | $(1,126,989)$ | (1,214,472) | $(176,906)$ | $(1,259,218)$ | $(1,787,228)$ | $(260,337)$ |
| Add: |  |  |  |  |  |  |
| Accretion to redemption value of convertible redeemable preferred shares | 793,992 | 533,191 | 77,668 | 793,992 | 552,036 | 80,413 |
| Share-based compensation expenses | - | 70,456 | 10,263 | - | 70,456 | 10,263 |
| Change in the fair value of warrant liability | - | - | - | - | 8,322 | 1,212 |
| Non-GAAP net loss attributable to the Company's ordinary shareholders | $(332,997)$ | $(610,825)$ | $(88,975)$ | $(465,226)$ | $(1,156,414)$ | $(168,449)$ |
| Weighted average number of Class A and Class B ordinary shares in issuebasic and diluted | 390,700,549 | 1,487,846,055 | 1,487,846,055 | 382,893,646 | 1,289,711,276 | 1,289,711,276 |
| Non-GAAP net loss per share - Basic and diluted | (0.85) | (0.41) | $(0.06)$ | (1.22) | (0.90) | (0.13) |
| Non-GAAP net loss per ADS - Basic and diluted | (6.80) | (3.28) | (0.48) | (9.76) | (7.20) | (1.04) |


[^0]:    ${ }^{1}$ Please refer to the section＂KEY DEFINITIONS＂on Page 4 for detailed definitions．

[^1]:    ${ }^{1}$ US\$0.001 par value; 2,000,000 shares and nil authorized as of December 31, 2018 and June 30, 2019, respectively; 544,688 and nil issued and outstanding as of December 31, 2018 and June 30, 2019, respectively
    ${ }^{2}$ US\$0.001 par value; 1,000,000 shares and nil authorized as of December 31, 2018 and June 30, 2019, respectively; 272,343 and nil issued and outstanding as of December 31, 2018 and June 30, 2019, respectively
    ${ }^{3}$ US $\$ 0.001$ par value; 45,400,000 shares and nil authorized as of December 31, 2018 and June 30, 2019, respectively; 750,000 and nil issued and outstanding as of December 31, 2018 and June 30, 2019, respectively
    ${ }^{4}$ US $\$ 0.001$ par value; 1,000,000 shares and nil authorized; 915,750 and nil issued and outstanding as of December 31, 2018 and June 30, 2019, respectively
    ${ }^{5}$ US $\$ 0.001$ par value; 600,000 shares and nil authorized; 513,000 and nil issued and outstanding as of December 31, 2018 and June 30, 2019 , respectively) (Angel- 1 shares and Angel-2 shares, collectively "Angel Shares")

[^2]:    1 Loss per ordinary shares for the three and six months ended June 30,2019 is computed using the weighted-average number of ordinary shares outstanding as of June 30,2019 which include the automatic conversion of all of the Company's Angel1 shares, Angel- 2 shares, Series A convertible redeemable preferred shares, Series B convertible redeemable preferred shares and Series B-1 convertible redeemable preferred shares into ordinary shares immediately prior to the completion of the

