LKNCY 2022Q1 Earnings Highlights

May 24, 2022
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

<table>
<thead>
<tr>
<th>Total Net Revenues (1)</th>
<th>+90% YoY</th>
</tr>
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<tbody>
<tr>
<td>21Q1</td>
<td>1.27</td>
</tr>
<tr>
<td>22Q1</td>
<td>2.40</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Same-store Sales Growth Rate Self-operated Stores (2)</th>
<th>21Q1</th>
<th>21Q2</th>
<th>21Q3</th>
<th>21Q4</th>
<th>22Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ 90%</td>
<td>95%</td>
<td>72%</td>
<td>76%</td>
<td>44%</td>
<td>42%</td>
</tr>
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</table>

<table>
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<tr>
<th>Net Number of New Stores Opened +276% YoY</th>
</tr>
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<tbody>
<tr>
<td>21Q1</td>
</tr>
<tr>
<td>22Q1</td>
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</table>

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<tr>
<th>Reported Operating Profit Turns Positive</th>
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<tbody>
<tr>
<td>21Q1</td>
</tr>
<tr>
<td>1%</td>
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### 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
Integrity
Innovation
Cooperation
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
- 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% are in schools.
- **Cost Structure**: Small-scale pick-up stores with low fixed costs.
- **Brand Reputation**: Well-balanced mix of full-time and part-time baristas.
- **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.
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

<table>
<thead>
<tr>
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<th>Q1 ’20</th>
<th>Q1 ’21</th>
<th>Q1 ’22</th>
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<tbody>
<tr>
<td>Total stores at end of quarter (1)</td>
<td>5,012</td>
<td>4,951</td>
<td>6,580</td>
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<tr>
<td>Net new stores #</td>
<td>223</td>
<td>148</td>
<td>556</td>
</tr>
<tr>
<td># Average monthly transacting customers (’000) (2)</td>
<td>6,609</td>
<td>8,728</td>
<td>15,975</td>
</tr>
<tr>
<td>Revenue (RMB million)</td>
<td>565</td>
<td>1,269</td>
<td>2,405</td>
</tr>
<tr>
<td>Revenue growth (%)</td>
<td>18.1%</td>
<td>124.5%</td>
<td>89.5%</td>
</tr>
<tr>
<td>Operating profit (RMB million)</td>
<td>(874)</td>
<td>(364)</td>
<td>16</td>
</tr>
<tr>
<td>Revenue - self-operated stores (RMB million)</td>
<td>512</td>
<td>1,031</td>
<td>1,715</td>
</tr>
<tr>
<td>Revenue growth (%)</td>
<td>15.1%</td>
<td>101.4%</td>
<td>66.2%</td>
</tr>
<tr>
<td>Same-store sales growth (%) (3)</td>
<td>(31.4)%</td>
<td>94.5%</td>
<td>41.6%</td>
</tr>
<tr>
<td>Store level profit margin (4)</td>
<td>(73.1)%</td>
<td>6.2%</td>
<td>20.3%</td>
</tr>
<tr>
<td>Revenue - partnership stores (RMB million)</td>
<td>21</td>
<td>162</td>
<td>549</td>
</tr>
<tr>
<td>Revenue growth (%)</td>
<td>n.a.</td>
<td>683.8%</td>
<td>239.3%</td>
</tr>
</tbody>
</table>

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 preopening and other expenses from our self-operated store revenues, by total revenues from self-operated stores.

Total stores at end of quarter: 5,012 (Q1 ’20), 4,951 (Q1 ’21), 6,580 (Q1 ’22)
Net new stores: 223 (Q1 ’20), 148 (Q1 ’21), 556 (Q1 ’22)
Average monthly transacting customers: 6,609 (Q1 ’20), 8,728 (Q1 ’21), 15,975 (Q1 ’22)
Revenue: 565 (Q1 ’20), 1,269 (Q1 ’21), 2,405 (Q1 ’22)
Revenue growth: 18.1% (Q1 ’20), 124.5% (Q1 ’21), 89.5% (Q1 ’22)
Operating profit: (874) (Q1 ’20), (364) (Q1 ’21), 16 (Q1 ’22)
Revenue - self-operated stores: 512 (Q1 ’20), 1,031 (Q1 ’21), 1,715 (Q1 ’22)
Revenue growth: 15.1% (Q1 ’20), 101.4% (Q1 ’21), 66.2% (Q1 ’22)
Same-store sales growth: (31.4)% (Q1 ’20), 94.5% (Q1 ’21), 41.6% (Q1 ’22)
Store level profit margin: (73.1)% (Q1 ’20), 6.2% (Q1 ’21), 20.3% (Q1 ’22)
Revenue - partnership stores: 21 (Q1 ’20), 162 (Q1 ’21), 549 (Q1 ’22)
Revenue growth: n.a. (Q1 ’20), 683.8% (Q1 ’21), 239.3% (Q1 ’22)
Advanced unit growth with 556 net new stores through a mix of self-operated and partnership stores

<table>
<thead>
<tr>
<th></th>
<th>Total stores at end of the quarter</th>
<th>Net new openings</th>
<th>Total cities at end of the quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Q1 ’20</strong></td>
<td>4,511</td>
<td>+4</td>
<td>55</td>
</tr>
<tr>
<td><strong>Q1 ’21</strong></td>
<td>3,939</td>
<td>+10</td>
<td>56</td>
</tr>
<tr>
<td><strong>Q1 ’22</strong></td>
<td>4,675</td>
<td>+278</td>
<td>56</td>
</tr>
<tr>
<td><strong>Total stores at end of the quarter</strong></td>
<td>501</td>
<td>+219</td>
<td>146</td>
</tr>
<tr>
<td><strong>Net new openings</strong></td>
<td>1,012</td>
<td>+138</td>
<td>197</td>
</tr>
<tr>
<td><strong>Total cities at end of the quarter</strong></td>
<td>1,905</td>
<td>+278</td>
<td>220</td>
</tr>
</tbody>
</table>

**Total # of stores 31 March 2022**

556

Q1 ’22 Unit Growth

6,580

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**

**Store-level profit margin (1) (%)**

- Q1'20: -73.1%
- Q1'21: 6.2%
- Q1'22: 20.3%

**% total net revenue (2)**

- Q1'20: 31.6%
- Q1'21: 5.5%
- Q1'22: 4.5%

**% total net revenue (2)**

- Q1'20: 42.9%
- Q1'21: 21.5%
- Q1'22: 13.4%

**% total net revenue (2)**

- Q1'20: 0.9%
- Q1'21: 1.6%
- Q1'22: 7.2%

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**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 closures), store rental and other operating costs, net delivery expenses, transaction fees, store preopening 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

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

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