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Luckin Coffee, Inc.

Q2 2026 Earnings Conference Call Transcript

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PARTICIPANTS

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PRESENTATION

Operator

Ladies and gentlemen, welcome to Luckin Coffee's second quarter 2026 earnings conference call. All participants will be in listen-only mode during management's prepared remarks, and there will be a question-and-answer session to follow. Please be advised that today's call is being recorded. Now, I'd like to turn the call over to Ms. Nancy Song, Head of Investor Relations of Luckin Coffee. Nancy, please go ahead.

Nancy Song

Investor Relations Director, Luckin Coffee

Thank you, and hello, everyone.

Welcome to Luckin Coffee's second quarter 2026 earnings conference call. We announced our financial results earlier today before the US market opened. The earnings release is now available on our IR website and via newswire services.

Today, you will hear from Dr. Guo Jinyi, co-founder and CEO of Luckin Coffee, who will share a strategic overview of our business. Then, Ms. An Jing, our CFO will discuss our financial results in greater detail. Afterwards, we will open up the call for questions.

During today's call, we will be making some forward-looking statements regarding future events and expectations. Any statements that are not historical facts, including but not limited to statements about our beliefs and expectations, are forward-looking statements. These statements involve inherent risks and uncertainties. Further information regarding these and other risks is included in our filings with the SEC. In addition, for non-GAAP measures discussed today, reconciliation information related to those measures can be found in our earnings press release.

During today's call, Dr. Guo will speak in Chinese, and his comments will be translated into English. Now I'd like to turn the call over to Dr. Guo Jinyi, Co-founder and CEO of Luckin Coffee. Dr. Guo, please go ahead.

Jinyi Guo
Co-founder and CEO, Luckin Coffee

(Translated) Good day, everyone, and welcome to today's earnings conference call. Thank you for your continued interest in and support for Luckin Coffee.

大家好，欢迎参加今天的业绩沟通会，感谢各位对瑞幸咖啡的持续关注与支持。

We delivered solid second quarter results as we remained focused on executing our core strategy of high-quality, scaled growth. Amid a dynamic market environment, we continued to strengthen our store network and product innovation capabilities while growing our customer base and deepening brand mindshare. These efforts further enhanced our long-term competitive advantages, helping us expand market share and reinforce industry leadership.

2026 年第二季度，我们坚定推进高质量规模增长战略，业绩成长扎实稳健。在复杂多变的市场环境中，我们持续强化门店网络和产品创新，夯实客户基础与品牌心智，不断提升长期竞争优势，持续扩大市场份额，进一步巩固了行业领先地位。

Supported by continued growth in China's coffee consumption demand, we maintained an industry-leading pace of store expansion, with more than 5,000 net new stores opened in the first half of the year. By the end of the second quarter, our global store count had surpassed 36,000, while cumulative transacting customers approached 500 million. Total net revenues for the quarter reached around RMB15.9 billion, up 29% year-over-year. Same-store sales for our self-operated stores declined 5.3% year-over-year in the second quarter, primarily due to the temporary high comparison base created by elevated food delivery subsidies in the prior-year period. This performance was fully consistent with our previous expectations for the trajectory of business operations. Meanwhile, as food delivery competition gradually returned to more rational levels, our operating income resumed year-over-year growth in the quarter, growing 22% to RMB2.1 billion, with an operating margin of 13.4%. This further reinforced the recovery in our profitability. Our second quarter results once again validate the strength of our high-quality, scaled growth strategy and further strengthen our confidence in capturing long-term market opportunities.

伴随中国咖啡消费需求的稳步增长，我们继续保持行业领先的开店速度，上半年门店净增超 5,000 家，二季度末全球门店总数突破 3.6 万家，累计交易客户数已接近 5 亿。公司本季度实现总净收入约 159 亿元，同比增长 29%。受去年同期外卖高基数的影响，自营门店同店销售阶段性承压，二季度同比下滑 5.3%，这一表现完全符合我们此前对业务节奏的判断。与此同时，在外卖竞争逐步回归理性的环境下，本季度营业利润同比转为正增长，较去年同期增长 22%，达到 21 亿元，营业利润率为 13.4%，盈利修复态势进一步巩固。二季度的业绩再次印证了瑞幸高质量规模增长战略的有效性，也进一步增强了我们把握长期市场机遇的信心。

Next, I will walk you through the quarterly progress across our three core business pillars — people, products, and places — focusing on store coverage, product innovation and customer experience. Following that, our CFO, An Jing, will share more detailed financial updates.

接下来，我将从门店覆盖、产品创新和客户体验三个方面，介绍本季度人、货、场三大业务支柱的运营进展，稍后 CFO 安静会和大家分享更详细的财务数据。

Starting with our store network, we continued to expand our nationwide footprint based on our long-term view of consumer demand. We further strengthened our presence across cities of all tiers, enhancing consumer accessibility and service capabilities to continuously unlock the long-term growth potential of China's coffee market. By the end of the second quarter, our global store count reached 36,310, up 39% year-over-year. We continued to lead the industry in both scale and expansion pace.

在门店方面，我们坚持基于长期需求判断推进全国门店网络布局，深化高低线城市覆盖，提升消费者触达和服务能力，持续释放中国咖啡市场的增长潜力。截至二季度末，公司全球门店总数达到 36,310 家，同比增长 39%，规模和增速均领跑行业。

In China, we added 2,668 net new stores during the quarter, bringing our total store count to 36,087. This includes 23,625 self-operated stores and 12,462 partnership stores. China's coffee market remains in a high-growth phase, supported by rising penetration and increasing consumption frequency. Expanding our reach across all city tiers and consumption scenarios remains fundamental to building long-term market leadership. Leveraging Luckin's strong digital capabilities and strategic execution, we are able to precisely identify consumer demand and efficiently expand our store network based on these insights. Through data-driven site selection, digitally enabled store construction, and intelligent store operations, we continue to enhance expansion efficiency and operational consistency while maintaining store quality. This enables us to deepen consumer engagement and consistently translate market opportunities into sustained market share gains.

具体来看，中国市场净增 2,668 家，门店总数达到 36,087 家，其中自营 23,625 家，联营 12,462 家。当前，中国咖啡市场仍处于渗透率持续提升、消费频次稳步上涨的高速成长阶段。加强各线级城市和消费场景的覆盖能力，是建立长期市场领先优势的重要基础。依托瑞幸强大的数字化能力和战略执行力，我们能够精准洞察消费需求，并高效落地为门店规划布局。通过数据驱动的门店选址、数字化运营以及数字化营建，我们在确保单店质量的基础上，持续提升规模化扩张效率与运营的一致性，不断深化瑞幸与消费者的连接，持续将市场机遇转化为长期市场份额。

Internationally, we continued to expand our overseas presence in a disciplined manner. Leveraging the proven digital operating capabilities we have developed in China, we tailored our approach to local consumer preferences and market dynamics to further improve our localized operations. In the second quarter, we added 46 net new stores, bringing our total international store count to 223. This includes 89 self-operated stores in Singapore, 20 self-operated stores in the U.S., and 114 franchised stores in Malaysia. Building on our presence in these markets, we will continue to refine our product offerings and enhance our operational and organizational capabilities. We will also continue to optimize store-level economics and develop standardized, replicable operating practices, laying the groundwork for our continued international expansion.

国际市场方面，我们继续稳步推进海外业务拓展，依托中国市场成熟的数字化运营能力，结合当地消费者需求和市场特点，不断提升本地化经营水平。二季度海外净增 46 家，门店总数达到 223 家，其中新加坡自营门店 89 家、美国自营门店 20 家，马来西亚加盟门店 114 家。立足现有市场，我们将持续迭代产品、运营及组织能力，不断打磨优化单店经济模型，沉淀标准化、可复制的运营经验，为进一步拓展国际市场奠定基础。

On the product front, we continued to strengthen Luckin's positioning and mindshare as a professional coffee brand, while leading innovative and health-conscious beverage trends through deeper insights into evolving consumer needs. In the second quarter, we launched 28 new freshly-brewed beverages and over a dozen snack items. In the coffee category, we continued to develop signature products that embody Luckin's unique brand identity, reinforcing the competitive moat built around our brand mindshare. During the quarter, our Little Butter Americano once again gained significant traction, as consumers discovered creative ways of enjoying the product. This success demonstrates our ability to identify emerging trends, respond quickly to evolving preferences, and continuously innovate the product experience, further strengthening the distinctive brand equity we have built over time. This product ranked among our top two best-selling products by volume in the second quarter and cumulative sales of the Little Butter series surpassed 500 million cups by quarter-end. We also continued to strengthen our wellness-oriented product strategy and R&D focus, expanding our selection of light and refreshing beverage options to better align with the evolving taste preferences of our increasingly sophisticated customer base. During the quarter, we launched our annual flagship product, Calamansi Americano, further deepening consumer recognition of Luckin's signature fruity Americano offerings while meeting growing demand for high-quality, health-conscious beverages. With sales surpassing 10 million cups within its first week of launch, this product delivered encouraging repeat purchase and customer retention performance, reflecting its strong consumer appeal. Beyond coffee, we introduced new product lines during the quarter, including yogurt smoothies and iced milk beverages, further broadening our omni-category product portfolio and providing consumers with a one-stop beverage destination across varied dayparts and consumption scenarios. By the end of the second quarter, five of Luckin's 25 products that had each surpassed 100 million cups in cumulative sales were non-coffee products, further demonstrating Luckin's strong brand appeal and product execution capabilities.

在产品方面，我们持续强化瑞幸的专业咖啡品牌心智，深入洞察消费者需求变化，引领创新性、健康化的饮品消费趋势。二季度，共推出了 28 款现制饮品及十几款轻食。在咖啡领域，我们重点打造具有鲜明品牌特色的标志性产品，进一步夯实品牌心智壁垒。本季度小黄油美式凭借消费者自创喝法再次出圈，充分体现了我们精准捕捉消费趋势、快速响应用户需求，持续开展产品体验创新的综合实力，并有效沉淀了具有瑞幸标识度的品牌资产。二季度，该产品销量跻身 Top2 单品；截至本季度末，小黄油系列累计销量突破 5 亿杯。此外，我们着重

强化健康化的产品策略和研发方向，丰富低负担的清爽型饮品选择，更好的贴合客户日益成熟的口味偏好。本季度我们推出年度重磅小青桔美式，深化瑞幸标志性水果美式的品牌认知，同时满足消费者对高品质、健康化饮品的升级需求。该产品上市首周销量突破千万杯，产品复购和用户留存均有着良好的表现，深受客户喜爱。非咖啡领域，本季度我们推出酸奶昔、冰奶等全新产品系列，持续丰富全品类产品布局，为消费者提供全时段、全场景的一站式饮品选择。截至二季度末，瑞幸 25 款累计销量突破亿杯的产品中，非咖品类已占据五席，这也充分印证了瑞幸强大的品牌号召力和产品运营能力。

On the customer front, we continued to enhance the customer experience through our accessible store network, high-quality product offerings, and data-driven consumer insights. These strengths further reinforced our brand mindshare and connections with consumers, helping us expand our customer base and increase purchase frequency. As mentioned earlier, the strong market response to Little Butter Americano reflects our efforts to deepen consumer engagement and co-create lasting brand memories. It also further drove positive word-of-mouth and increased consumption. In addition, we continued to engage consumers through diversified brand initiatives, including IP collaborations, delivering emotional value beyond the products themselves and fostering deeper brand resonance with our customers. Driven by product innovation and brand building, we added more than 25 million new transacting customers in the second quarter, bringing average monthly transacting customers to a new record high of over 110 million, up 23% year-over-year. By the end of the second quarter, our cumulative transacting customers approached 500 million. At the same time, our average monthly cups per customer also reached an all-time high. These achievements reflect consumers' continued recognition of the Luckin brand and products, while reaffirming that coffee consumption habits in China are continuing to deepen.

在用户方面，我们持续提升消费者体验，通过便捷的门店网络、优质的产品供给和敏锐的数据洞察，不断夯实品牌心智和用户联结，提升客户规模与消费频次。刚才所提到的小黄油美式的再度走红，既是我们深化消费者互动、共同塑造品牌记忆的体现，也进一步推动了用户口碑和消费增长。此外，我们继续通过多元化跨界联名等品牌互动方式，为客户提供超越产品本身的情绪价值，深化情感共鸣。在产品创新和品牌建设的共同推动下，二季度，我们新增交易客户超2,500万；月均交易客户再创新高，同比增长23%，超1.1亿。截至二季度末，瑞幸累计交易客户已接近 5 亿。同时，客户月均消费杯量也创下历史新高。这既体现了消费者对瑞幸品牌与产品的持续认可，也印证了中国咖啡消费习惯正在不断的强化。

In addition, as part of our commitment to corporate responsibility, we remain attentive to consumers' growing health needs and incorporate our product philosophy of "great taste and wellness" into beverage development and the consumer experience. In recent years, we have continued to optimize our product strategy by enhancing supply chain quality and raising product evaluation standards, making health-conscious innovation an important focus of our product development. Through cleaner formulations and higher-quality ingredients, we aim to deliver beverage experiences that balance taste, quality and wellness. Meanwhile, we have continued to deepen collaborations with leading research institutions to advance coffee health research and consumer education. Since establishing the Peking University Health

Science Center–Luckin Coffee Health Innovation Base in partnership with Peking University Health Science Center in 2024, we have completed multiple innovative research projects and continued to apply academic findings to product development. In June this year, together with Xinhua Net, Peking University Health Science Center, and other partners, we jointly launched the “Coffee Health Education Initiative”, along with the release of the *Health and Wellness Trends in China’s Freshly Prepared Beverage Market 2026*. Looking ahead, we will continue to integrate research insights with product innovation and contribute to the sustainable and health-conscious evolution of the freshly-brewed beverage industry.

此外，在践行企业责任方面，我们始终关注消费者的健康需求，将“好喝且健康”的产品理念融入饮品研发和消费体验。近年来，瑞幸持续优化产品体系，提升供应链品质和产品评审标准，推动健康化成为产品创新的重要方向。通过更清洁的配方和更优质的原料，为消费者提供兼顾口感、品质与健康的轻负担饮品体验。同时，我们不断深化与专业科研机构合作，推进咖啡健康的研究与科普。自 2024 年与北京大学医学部（“北大医学部”）共建“北大医学瑞幸咖啡健康创新基地”以来，已完成多项创新课题，并将学术成果转化为产品实践。今年 6 月，我们联合新华网、北大医学部等多方，共同启动了“咖啡健康科普行动”，并发布《2026 年中国现制饮品健康趋势分析报告》。未来，我们将持续推动研究成果与产品创新的结合，助力实现现制饮品行业的可持续、健康化的发展。

In summary, the second quarter marked another significant quarter in which we continued to validate and deliver on our long-term growth strategy. High-quality, scaled growth is not simply about increasing store count. It reflects our ability to continuously identify, respond to, and even create demand, and ultimately translate market demand into sustainable market share gains. Leveraging Luckin’s digitally driven, replicable and scalable operating model, together with the brand equity we have built over time, we continue to amplify the synergies across our store network, product innovation, and customer base. These strengths create sustainable growth momentum and positions us well to fully capture the historic opportunities presented by China’s coffee market. Looking ahead, we remain committed to executing our high-quality, scaled growth strategy. As we consistently enhance our capabilities across store network coverage, product innovation, and customer experience, we aim to further expand our market share while creating long-term value for our customers, partners, and shareholders.

总结而言，今年二季度是我们持续验证并兑现长期增长战略的一个重要季度。高质量规模增长并非简单的追求门店数量，而是持续发现需求、响应需求，甚至激发需求，并最终将市场需求转化为长期市场份额的能力。凭借瑞幸数字化驱动、可复制、可扩展的经营体系，以及长期积累的品牌资产，我们不断放大门店网络、产品创新和客户规模之间的协同效应，形成可持续的增长动能，充分把握中国咖啡消费的历史性增长机遇。展望未来，我们将继续坚定推进高质量规模增长战略，持续提升门店覆盖、产品创新和消费体验等综合竞争力，进一步提升市场份额，为客户、伙伴和股东创造长期价值。

Finally, we are deeply grateful to our consumers, partners, and investors for their ongoing support, and to our 220,000 Luckin team members for their valuable contributions to the company’s growth. We will continue to work together toward building a world-class coffee brand and making Luckin Coffee a part of everyone’s daily life.

最后，再次感谢长期支持瑞幸的广大消费者、合作伙伴和投资人，也感谢 22 万瑞幸伙伴为公司发展付出的辛勤努力。我们将继续携手各方，致力于打造世界级咖啡品牌，让瑞幸咖啡成为人们日常生活的一部分。

Now, I will turn the call over to An Jing to go through our financial results in detail.

接下来，请安静向大家介绍详细的财务数据。

Jing An

CFO, Luckin Coffee

Thank you, Jinyi. Good day, everyone. Thank you for joining today’s call.

In the second quarter, we delivered solid top-line growth and continued profitability recovery, reflecting our operational resilience and the strong execution of our growth strategy.

Let me now walk you through the financial details.

In the second quarter, total net revenues increased by 29% year-over-year to RMB15.9 billion, mainly driven by a 30% year-over-year increase in GMV to RMB18.4 billion. This growth was supported by higher total cup volumes across both self-operated and partnership stores, as we continued to expand our store network and grow our customer base.

Revenues from product sales increased by 29% year-over-year to RMB12.2 billion, reflecting the solid performance of our self-operated stores. Breaking down our product sales into three streams:

Net revenues from freshly brewed drinks were RMB11.2 billion, representing about 70% of total net revenues. Net revenues from other products were RMB892 million, or about 6% of total net revenues. Net revenues from others were RMB171 million, or roughly 1% of total net revenues.

Looking at our company-owned stores, revenues from self-operated stores increased by 27% year-over-year to RMB11.6 billion. Same-store sales growth was negative 5.3% for this quarter, mainly reflecting the high comparison base created by elevated food delivery subsidies in the prior-year period. Store-level operating profit increased by 26% year-over-year to RMB2.5 billion, with self-operated store-level operating margin of 21.3%.

Revenues from partnership stores increased by 28% year-over-year to RMB3.7 billion, accounting for 23%* of total net revenues. This growth was largely driven by a continued

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**The indicated numbers have been corrected.*

expansion of our partnership store network. Sales of materials remained the largest contributor, followed by the delivery service fees and profit sharing and royalty fees.

Cost of materials as a percentage of total net revenues was 39%, compared to 37% in the same period of 2025, mainly due to fluctuations in average selling price and in certain raw material prices. In absolute terms, cost of materials increased by 34% year-over-year to RMB6.1 billion, largely due to increases in cup volumes in self-operated stores and material sales to partnership stores.

Store rental and other operating costs as a percentage of total net revenues was 23%*, compared to 22% in the same period of 2025. In absolute terms, these expenses increased by 36% year-over-year to RMB3.6 billion, mainly driven by higher payroll costs from cup volume growth and rising rental expenses due to continued store expansion.

Delivery expenses as a percentage of total net revenues decreased to 10% from 14% in the same period of 2025. This improvement was mainly driven by a lower proportion of delivery orders, as well as lower average delivery costs per order as we enhanced fulfillment efficiency. In absolute terms, delivery expenses decreased by 3% year-over-year to RMB1.6 billion.

Sales and marketing expenses as a percentage of total net revenues was 6%, compared to 5% in the same period of 2025. In absolute terms, Sales and marketing expenses increased by 56% year-over-year to RMB925 million, mainly due to higher spending on advertising and promotion, as well as higher commission fees paid to food delivery and live streaming platforms.

General and administrative expenses as a percentage of total net revenues was 6%, largely flat compared to the same quarter of 2025. In absolute terms, G&A expenses increased by 34% year-over-year to RMB985 million, mainly driven by higher share-based compensation and payroll costs, as well as increased investments in research and development.

Our GAAP operating profit increased by 22% year-over-year to RMB2.1 billion, with an operating margin of 13.4%, compared to 14.1% in the prior-year period. On a non-GAAP basis, operating profit increased by 26% year-over-year to RMB2.4 billion, with a non-GAAP operating margin of 15.1%, compared to 15.3% in the prior-year period.

Net profit increased by 16% year-over-year to RMB1.5 billion, with a net margin of 9.4%, compared to 10.4% in the prior-year period. On a non-GAAP basis, net profit increased by 23% to RMB1.8 billion, with a non-GAAP net margin of 11.0%, compared to 11.6% in the prior-year period.

Finally, looking at our balance sheet and cash flow, we generated RMB2.6 billion in net operating cash during the second quarter of 2026. As of June 30, 2026, our total cash position, which includes cash and cash equivalents, restricted cash, term deposits and short-term

The indicated numbers have been corrected.

investments, was RMB10.9 billion, compared to RMB9.0 billion as of December 31, 2025. During the quarter, we utilized short-term borrowings as part of our capital allocation strategy to support the ongoing shareholder return initiative. We continued to maintain a strong net cash position of RMB9.0 billion and a healthy leverage profile, supported by our robust cash generation capabilities and disciplined financial management. This provides us with the flexibility to continue investing in future growth opportunities while returning capital to shareholders.

During the second quarter, we repurchased 49 million Class A ordinary shares or 6 million ADSs for a total consideration of $195 million under our $300 million share repurchase program.

In closing, our second quarter marked another step forward in turning our long-term strategy into tangible results. Our expanded store network and growing customer base have positioned us well for long-term growth. Looking ahead, we will remain focused on disciplined execution, continuous improvement in operational efficiency, and sustainable value creation for our shareholders.

With that, we will open the call for questions. Operator, please go ahead.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) The first question today comes from Jessie Xu with JP Morgan. Please go ahead.

Jessie Xu

Analyst, J.P. Morgan

Thanks for taking my question. This is Jessie Xu from JP Morgan. Congrats on a very strong 2Q, very encouraging in a weak macro environment, especially against some challenges for the whole industry year-to-date. And second quarter turned out to be a beat in both same-store sales and also margins, clearly diverging from and outperforming the whole industry. So my question is mainly on second half outlook, considering a tough base during July to August, how should we think about same-store sales trends for the second half? And as the delivery mix continues to normalize, how should we think about the margin and earnings outlook from here? Thank you.

Jinyi Guo

Co-founder and CEO, Luckin Coffee

(Translated) Great, so thank you for the question. Since the beginning of this year, delivery platforms competition has gradually returned to a more reasonable level, we believe the freshly-brewed beverage industry is also moving toward a healthier and more sustainable development stage. And the market competition is increasingly shifting back to product innovation, operational excellence and consumer value creation. So all the areas where Luckin has consistently invested and built our long-term strengths around.

好，谢谢，感谢您的提问，我来回答这个问题。今年以来，我们看到随着整个外卖的竞争逐步回归理性，现制饮品行业总体正在进入到一个更加健康、也更可持续的发展阶段，市场竞争也更多回归到了产品、运营和用户价值的本身，而这些正是瑞幸长期以来持续投入和积累的核心的优势领域。

So from an external perspective, food delivery subsidies have been scaled back more quickly than we initially expected at the beginning of the year. So the high base pressure created by last year's elevated subsidies has also become more apparent, and it's already reflected in our second quarter same-store sales performance. As for the third quarter, as platform subsidies were particularly intense during July and August of last year, we expect the resulting high-base effect to persist. At the same time, we are seeing improving trends in our profitability and margins, supported by the continued decline in delivery mix from peak levels since the third quarter of last year, as well as improvements in our fulfillment efficiency.

从外部环境来看，外卖补贴收缩的节奏快于我们年初的预期，去年外卖补贴形成的高基数压力也开始逐步的显现出来，并已经反映到了二季度同店的表现中。对于三季度，由于去年的 7、8 月份处在一个平台外卖补贴较为激烈的阶段，我们预计相关高基数的影响仍将延续。但与此同时，随着外卖占比自去年三季度的高点以来持续回落，以及配送履约效率的稳步优化，我们也看到盈利修复的趋势也更加清晰，利润表现也正在持续的改善中。

From an internal perspective, we have also continued to optimize various product and operational initiatives this year, with very encouraging results. For example, our cup-size upgrade initiative and the product innovation around Little Butter Americano I just mentioned. These efforts not only enhanced customer experience but also supported the overall average selling price and our cup volumes.

从内部情况来看，今年公司也在持续优化多项的产品运营措施，并且取得了良好的效果。例如超大杯的升杯项目，以及刚才我提到的小黄油美式带来的产品创新，不仅提升了消费者的体验，也有效支撑了单杯的价格和杯量的表现。

Overall, we remain cautiously optimistic about our operating performance in the second half of the year. We will continue to adapt our strategies based on evolving market conditions and consumer needs, and balancing the long-term growth opportunities with profitability improvement, and driving higher quality and more sustainable growth for our business, thank you.

因此，总体而言，我们对下半年经营表现总体保持谨慎乐观。我们将继续根据市场环境和消费者的需求变化，灵活优化经营策略，在把握长期增长机遇和提升盈利能力之间保持平衡，努力推动业务实现更加高质量、更可持续的发展，谢谢。

Operator

The next question comes from Xinyu Ruan with Goldman Sachs. Please go ahead.

Xinyu Ruan

Analyst, Goldman Sachs

Let me translate my question into English. So the company had a very fast store opening pace in the first half. But in the meanwhile, we see industry-wide same-store sales growth pressure under the delivery subsidy normalization and the most players actually slowed down store opening this year. On this backdrop, what supported Luckin's fast store expansion? And what is the company's plan and strategy on store opening in the second half, and the opening outlook? And how do we balance store opening and same-store sales growth? And in the longer term, how do we think about the room for the store expansion in China? Thank you.

Jinyi Guo

Co-founder and CEO, Luckin Coffee

(Translated) Thank you for the question. First, I would like to reiterate that we remain very confident in the long-term growth potential of China's coffee market. Compared with more mature coffee markets globally, coffee consumption in China remains in the early stages of habit formation, with significant room for further penetration and frequency growth. This long-term market opportunity is the foundation for our high-quality, scaled growth strategy. It is also the key driver for our continued expansion, leaving us plenty of headroom to continue opening more stores while maintaining store quality.

感谢您的提问。首先呢我想再次强调，我们对于中国咖啡市场的长期发展的前景充满了信心。我们对比成熟国家的咖啡渗透率和人均的杯量水平，中国咖啡消费仍然在习惯养成的中早期阶段，需求增长的潜力巨大。这既是我们能够坚持高质量规模增长战略的重要基础，也是我们能够持续开新店、开好店的最重要的核心驱动因素。

As coffee consumption increasingly becomes part of China's consumers' daily routines, Luckin has built a nationwide store network covering all city tiers and diverse consumption scenarios. From tier-one cities to county-level markets and townships, and across different consumption scenarios, for example, office buildings, commercial districts, street-front locations, residential communities, campuses and transportation hubs, we continue to expand consumer accessibility and strengthen Luckin’s brand mindshare as a nationwide professional coffee brand.

随着中国咖啡消费的逐渐日常化，瑞幸已经建立起了覆盖全国各线级区域和多元化消费场景的门店网络。从一线城市到县城乡镇，从办公楼、商业区、临街商铺，再到生活社区、校园、交通枢纽等各个场景，我们持续扩大消费者的触达范围，也进一步强化了瑞幸作为全国性专业咖啡品牌的用户心智。

So for Luckin, store expansion is not simply about adding more stores. It’s actually more about leveraging our nationwide store network, strong brand equity and product capabilities to better identify and serve the growing consumer demand. And supporting this is a highly scalable and replicable operating model covering the full value chain across people, products and places. From demand insights and site selection to our store construction, operations and the ongoing optimization, we leverage our digital capabilities and AI technologies to improve our decision-making efficiency. Our mature organizational capabilities and strong execution actually ensure that we can open stores quickly while maintaining store quality, and continuously enhance our store performance.

因此，对于瑞幸而言，门店的增长不仅仅是简单的增加门店的数量，而是依托全国性的门店网络、强大的品牌力和产品力，持续精准的识别和满足不断增长的咖啡消费需求。而支撑这一能力的，是一套覆盖人、货、场全链路可复制、可拓展的经营体系。从需求洞察、门店选址、建设运营，到后续经营优化，我们通过数字化能力和 AI 技术持续提升决策效率，依靠成熟的组织能力和强大的执行力，确保新店能够快速、高质量的落地，并不断提升运营质量。

At the same time, our expanding store network further strengthens our brand influence, enhances our ability to scale product innovation, and creates a virtuous cycle among stores, products and customers. And so, store expansion is not an end in itself, but a critical foundation for sustainably gaining market share.

同时，持续扩大的门店网络也进一步增强了品牌的影响力，提升产品创新的规模化能力，形成了一套门店、产品和用户之间的正向循环。因此，门店扩张本身不是最终的目标，而是持续提升长期市场份额的重要基础。

So to conclude, we believe there remains substantial headroom for store growth in China’s coffee market. As coffee penetration and consumption frequency continue to increase, the overall market capacity will continue to expand. We are confident in our ability to maintain a competitive pace of store expansion, capture the long-term growth opportunities in China’s coffee market, and continue to grow Luckin Coffee’s market share, thank you.

最后总结一下，我们始终认为，中国咖啡市场的门店天花板还非常高，随着咖啡人群的渗透率和消费频次的不断提升，这一天花板还在不断的上拓。因此，我们有信心继续保持有竞争力的开店节奏，努力把握中国咖啡市场长期的增长机遇，持续提升瑞幸的市场份额，谢谢。

Operator

Due to time constraints, no further questions will be taken at this time. This concludes the question and answer session. I'd like to turn the call back to the management team for any closing remarks.

Nancy Song

Investor Relations Director, Luckin Coffee

Thank you, everyone for joining our call today. If you have any further questions, please feel free to contact our IR team. This concludes today's call. We look forward to speaking with you again next quarter. Thanks.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

[END OF TRANSCRIPT]