

# RLX Technology Inc.

---

Earnings Presentation Q3 2023

The following presentation has been prepared by RLX Technology Inc. (“RLX Technology” or the “Company”) solely for informational purposes and should not be construed to be, directly or indirectly, in whole or in part, an offer to buy or sell and/or an invitation and/or a recommendation and/or a solicitation of an offer to buy or sell any security or instrument or to participate in any investment or trading strategy, nor shall any part of it form the basis of, or be relied on in connection with, any contract or investment decision in relation to any securities or otherwise.

This presentation does not contain all relevant information relating to the Company or its securities, particularly with respect to the risks and special considerations involved with an investment in the securities of the Company. Nothing contained in this document shall be relied upon as a promise or representation as to the past or future performance of the Company. Past performance does not guarantee or predict future performance.

You acknowledge that any assessment of the Company that may be made by you will be independent of this document and that you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the business of the Company.

This presentation contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “is/are likely to,” “potential,” “continue” and similar statements. Among other things, quotations from management in this announcement, as well as the Company’s strategic and operational plans, contain forward-looking statements. The Company may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission, 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. Statements that are not historical facts, including but not limited to 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; trends and competition in China’s e-vapor market; changes in its revenues and certain cost or expense items; PRC governmental policies, laws 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 risks, uncertainties or factors is included in the Company’s filings with the U.S. Securities and Exchange Commission. All information provided in this press release and in the attachments is current as of the date of this press release, and the Company does not undertake any obligation to update such information, except as required under applicable law.

This presentation also contains non-GAAP financial measures, the presentation of which is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. In addition, the Company’s calculation of these non-GAAP financial measures may be different from the calculation used by other companies, and therefore comparability may be limited. The reconciliation of those measures to the most comparable U.S. GAAP measures is contained within this presentation or the earnings press release.



A person in a small boat is navigating a narrow river through a deep canyon. The river is calm, reflecting the warm, golden light of the sunset. The canyon walls are steep and rocky, with some vegetation visible on the left bank. In the distance, the river leads towards a bright opening in the canyon. Several birds are flying in the sky above the river. The overall scene is serene and majestic.

# OPERATIONAL HIGHLIGHTS

**RLX TECH**



# Current Product Portfolio

RLX TECH

## QING YU



悦刻青羽	森林复兴(山烤)53
悦刻青羽	忘江有径(山烤)25
悦刻青羽	佳人佳期(山烤)66
悦刻青羽	相印彩云(溪烟)18
悦刻青羽	点点灵犀(溪烟)33
悦刻青羽	柔情牛仔(瀑烟)52

## PHANTOM



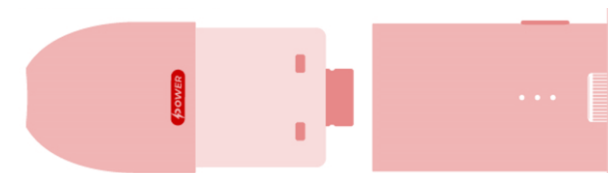
悦刻幻影	森林复兴(山烤)53
悦刻幻影	忘江有径(山烤)25
悦刻幻影	清欢人间(山烤)17
悦刻幻影	烟云曼妙(山烤)36
悦刻幻影	燃情桑巴(山烤)72
悦刻幻影	竹杖胜马(山烤)28
悦刻幻影	相印彩云(溪烟)18
悦刻幻影	绕指轻舞(溪烟)58
悦刻幻影	绿扇盈盈(瀑烟)80
悦刻幻影	群玉山见(岩烤)31
悦刻幻影	山水任行(岩烤)23

## PHANTOM Pro



悦刻幻影	森林复兴(山烤)53
悦刻幻影	红运滚滚(岩烤)30
悦刻幻影	相印彩云(溪烟)18
悦刻幻影	蓝田暖阳(溪烟)39
悦刻幻影	点点灵犀(溪烟)33

## ZEUS



悦刻宙斯	绿扇盈盈(瀑烟)80
------	------------

## LEILI

悦刻雷力	拂柳风(山烤)63
------	-----------

Budget

Price Point

Premium





# FINANCIAL HIGHLIGHTS

**RLX TECH**



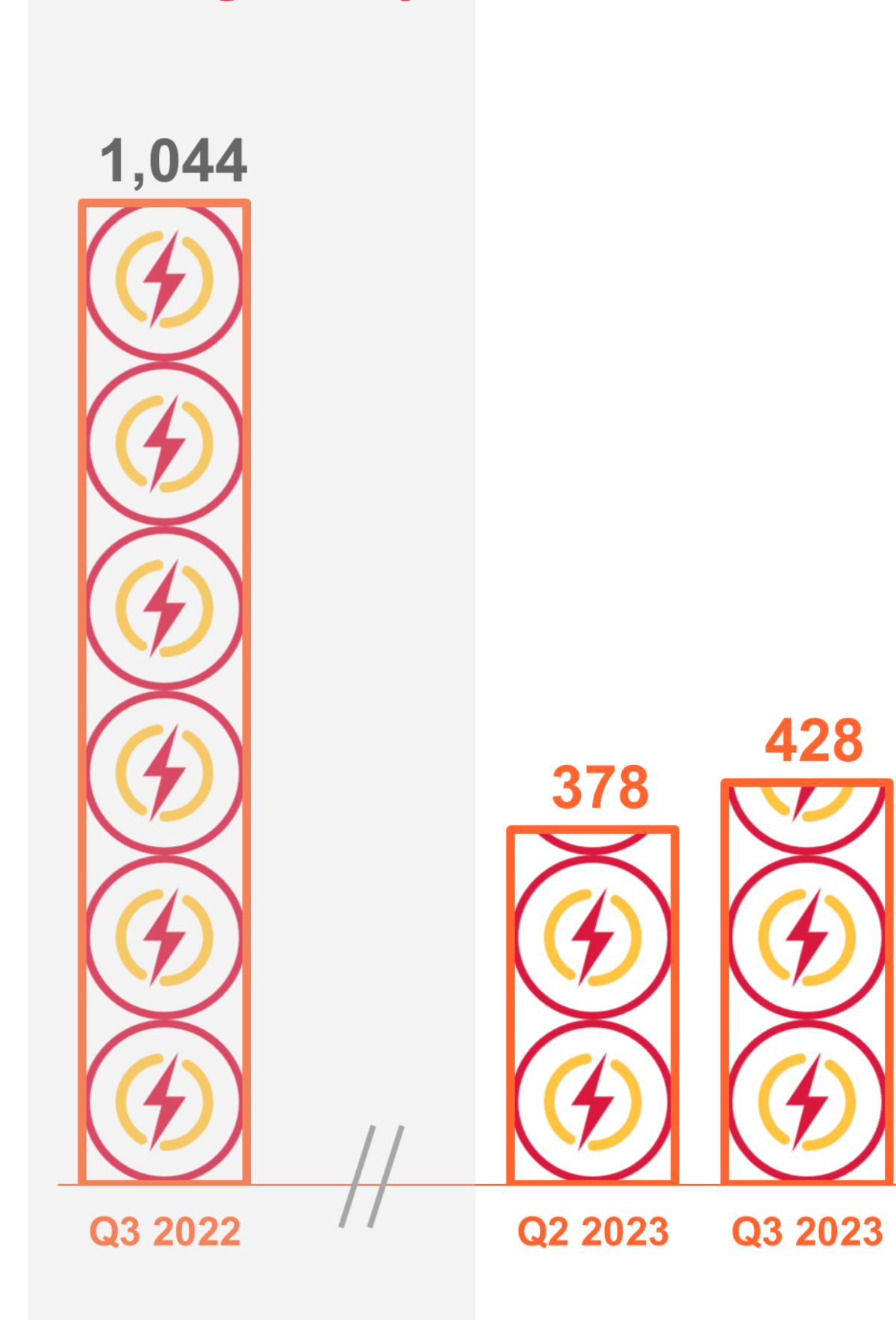
# Q3 2023 Financial Highlights

RLX TECH

## Net Revenues

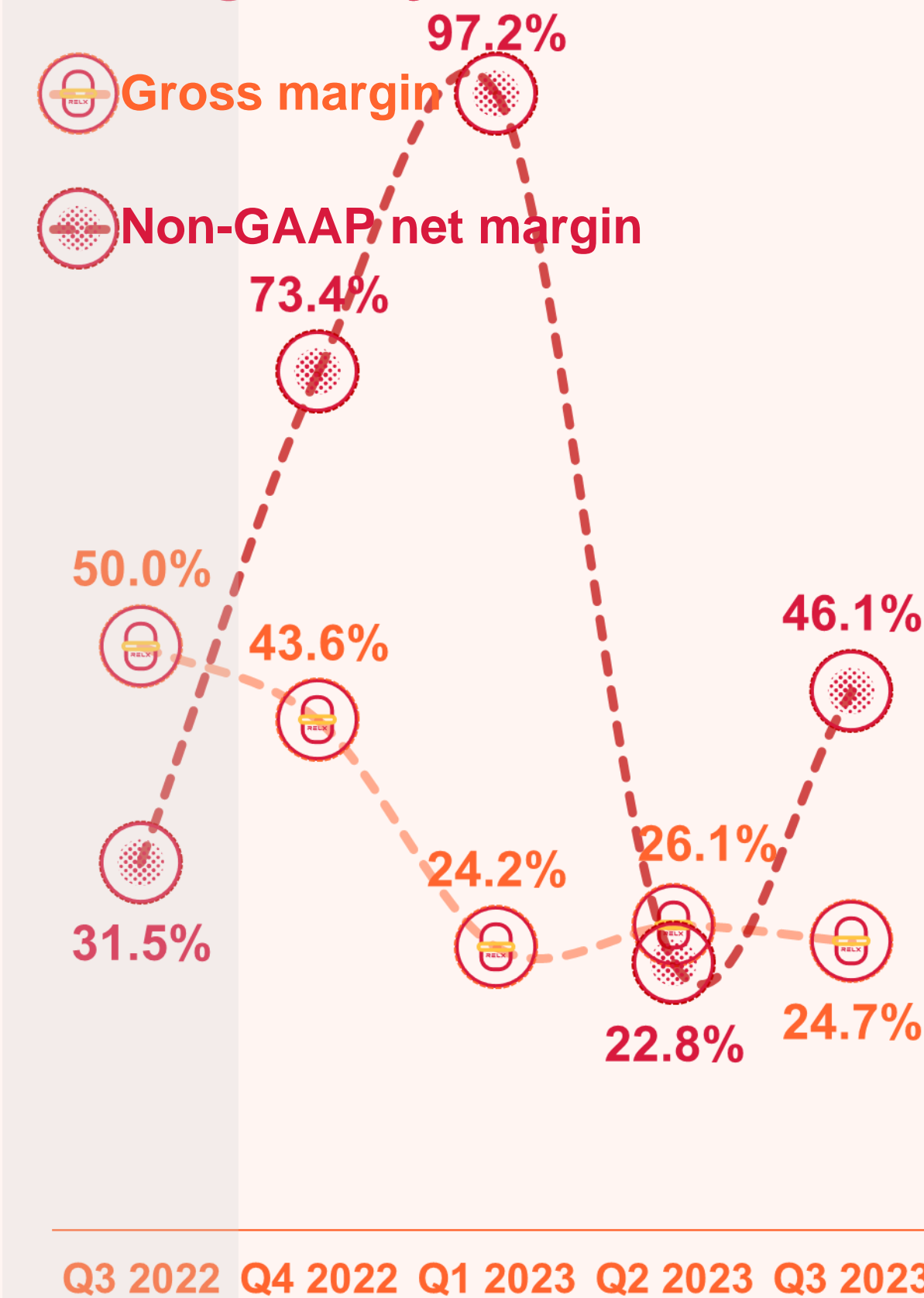
RMB millions

Pre-Regulatory Era



## Profitability

Pre-Regulatory Era



## Capital Resources

RMB millions

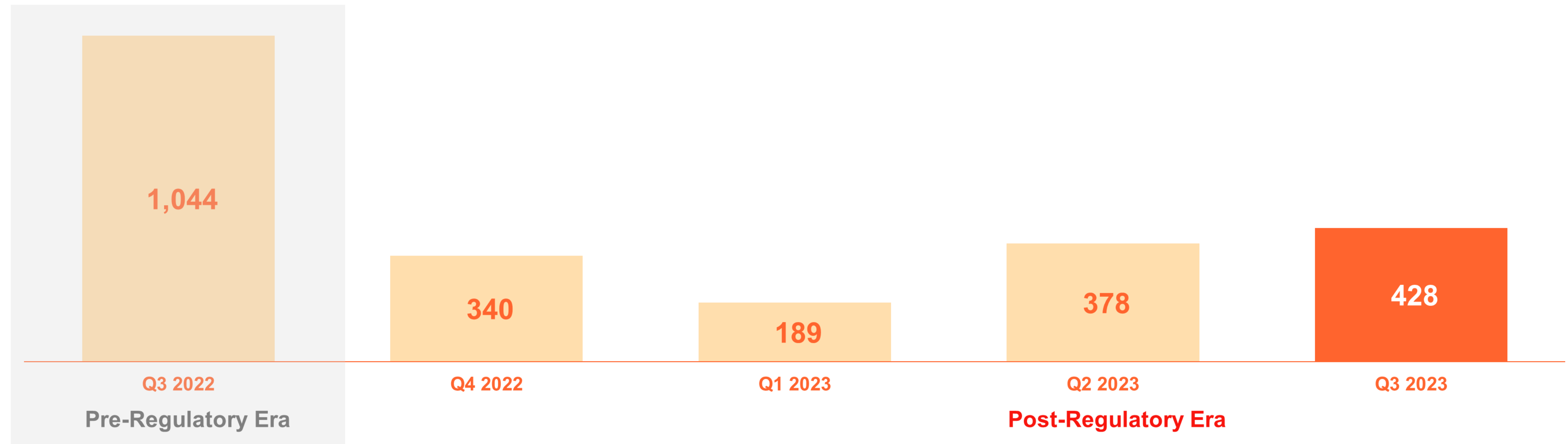


- “Electronic Cigarette” Mandatory National Standards took effect from **October 1, 2022**.
- Excise Tax: E-cigarette manufacturers/importers are subject to ad valorem tax at the rate of 36% on the production or import of e-cigarettes from **November 1, 2022**.

Note: capital resources include cash and cash equivalents, restricted cash, short-term bank deposits, net, short-term investments, long-term bank deposits, net and long-term investment securities

## Net Revenues by Quarter

RMB millions

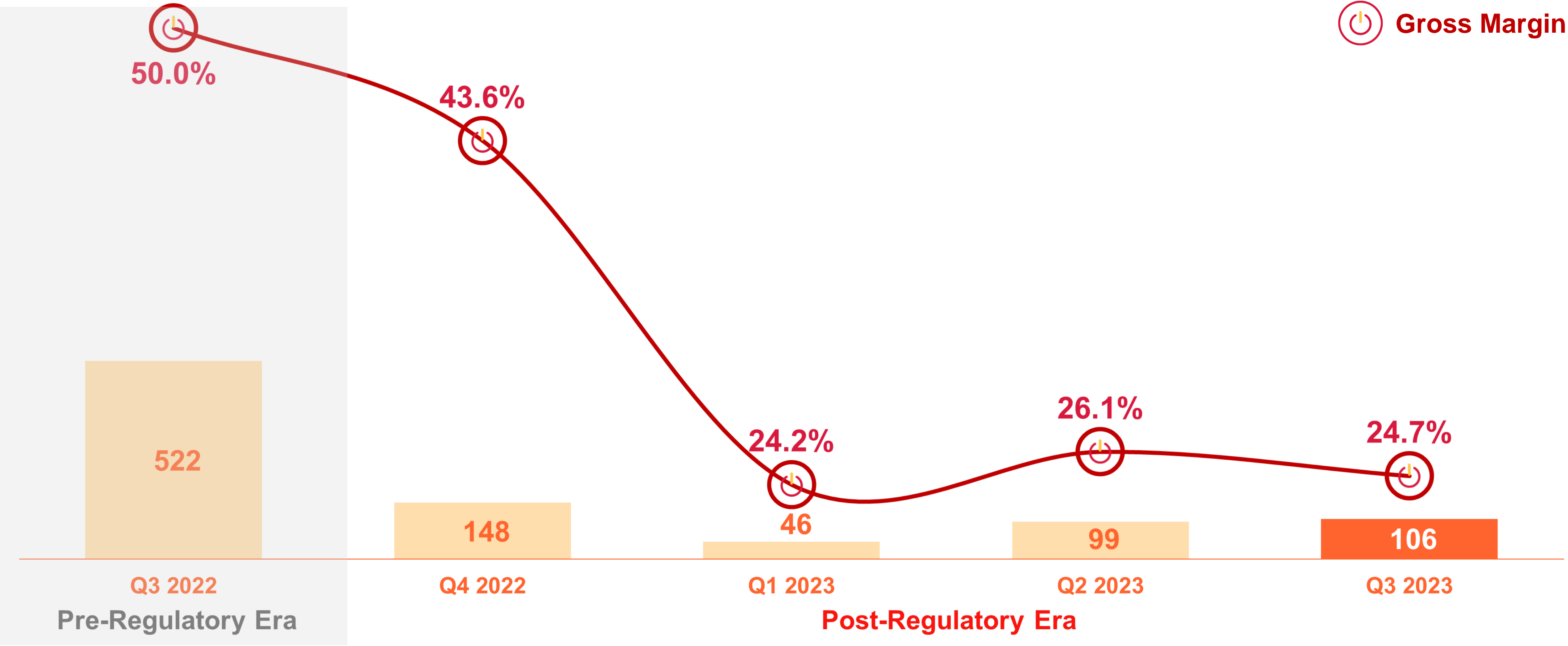


The YoY decrease in quarterly net revenues was primarily due to:

- The discontinuation of our older products
- The competition of illegal products in the market, which resurged after the regulator's special action ended in April 2023

## Gross Profit and Gross Margin

RMB millions

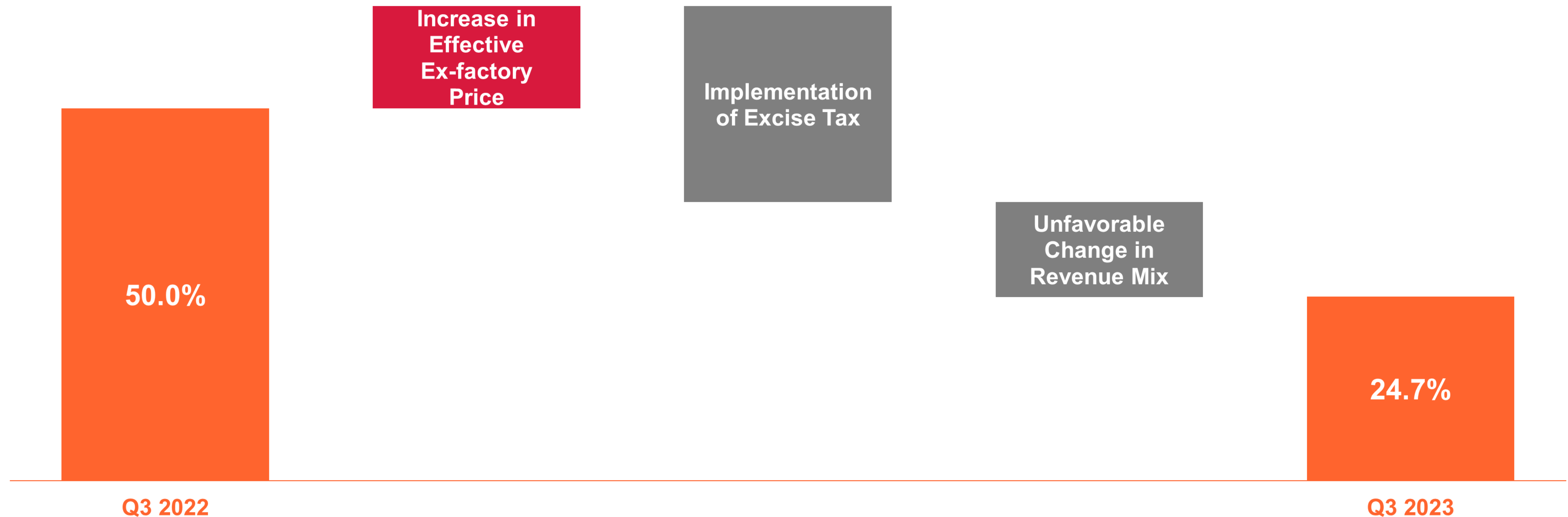


• Excise Tax: E-cigarette manufacturers/importers are subject to ad valorem tax at the rate of 36% on the production or import of e-cigarettes from November 1, 2022.



# Quarterly Gross Margin Waterfall Analysis

RLX TECH



The decrease was primarily due to the imposition of a 36% excise tax which came into effect on November 1, 2022.



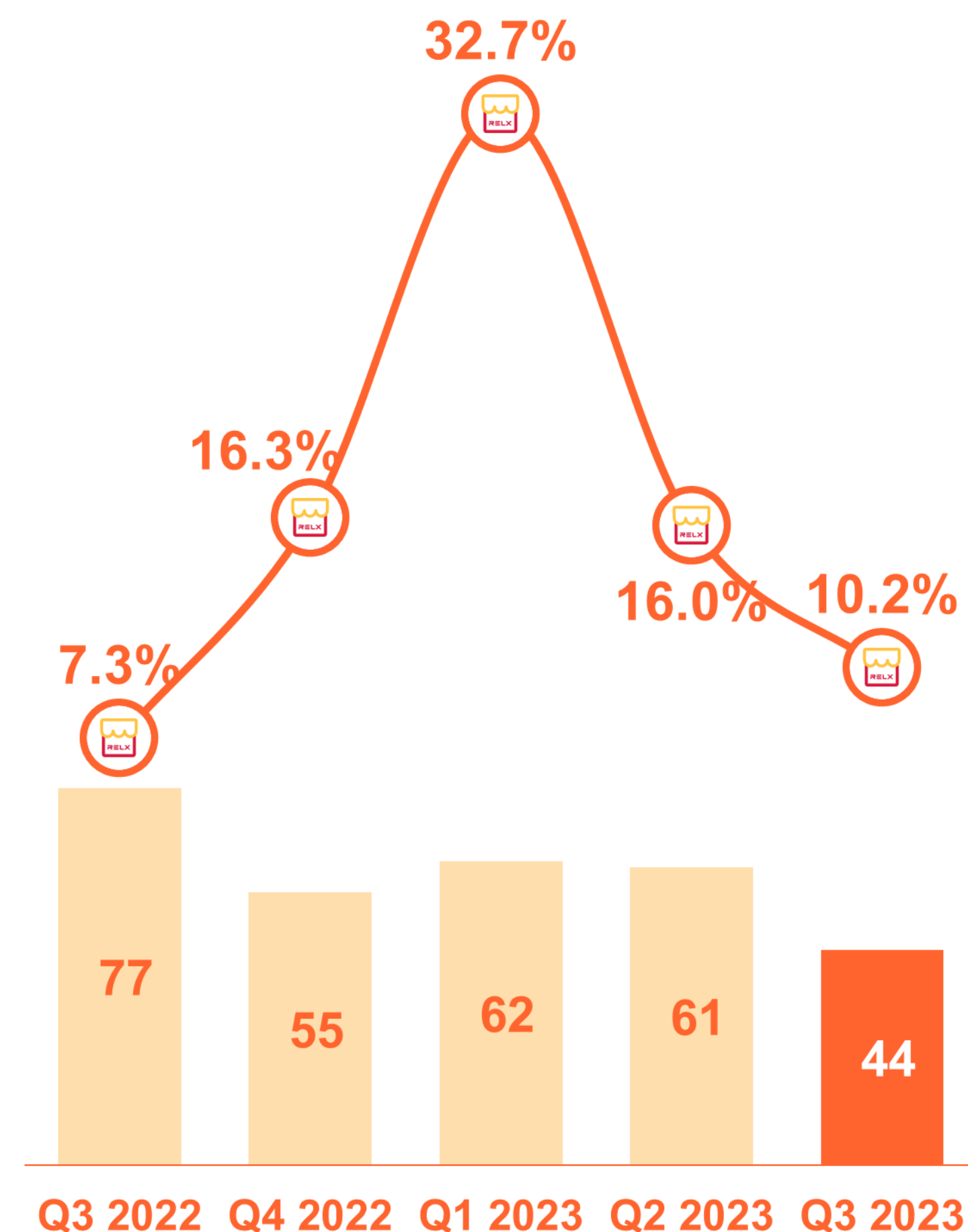
# Non-GAAP Operating Expenses

RLX TECH

## Non-GAAP Selling Expenses

RMB millions

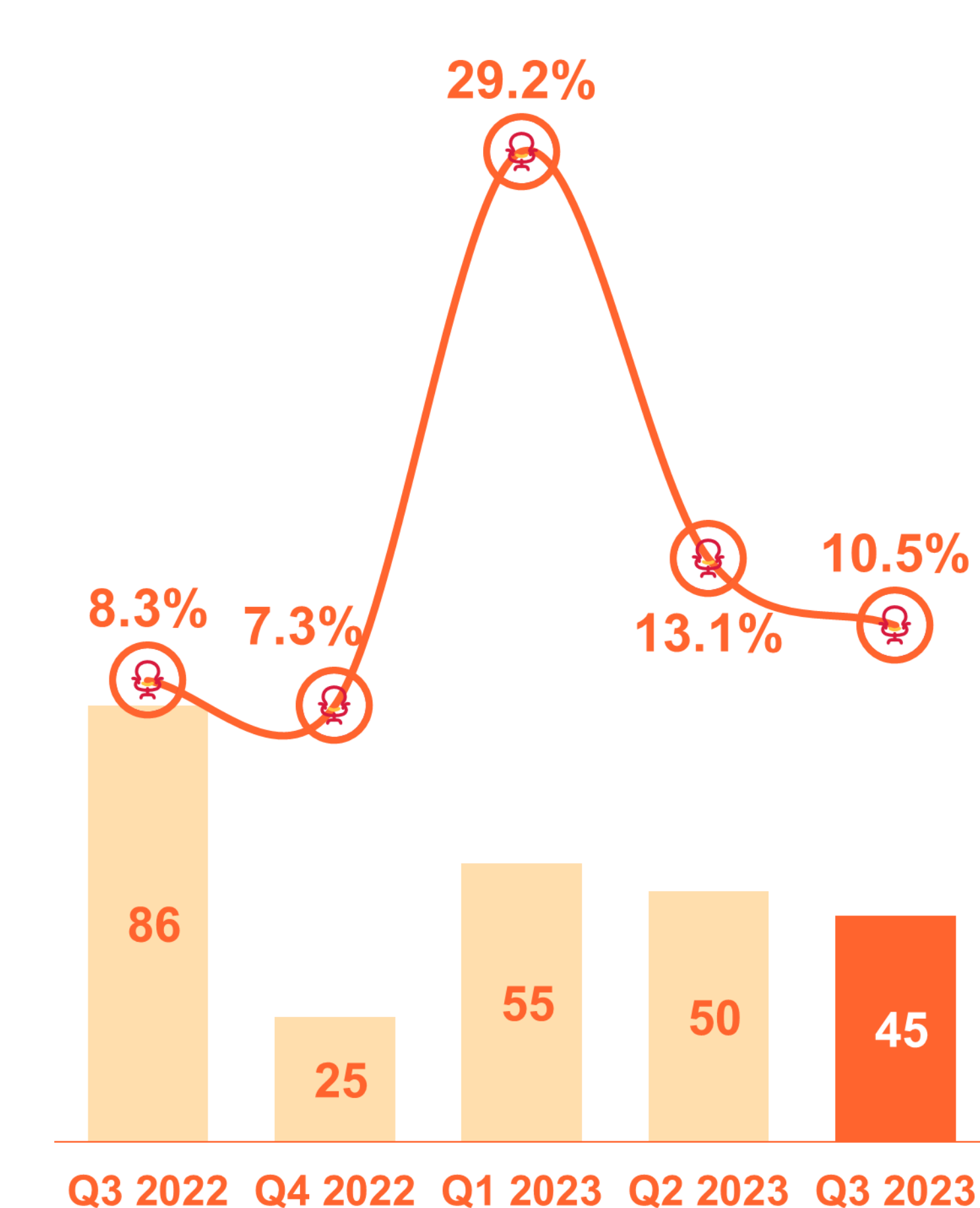
As % of Net Revenues



## Non-GAAP General and Administrative Expenses

RMB millions

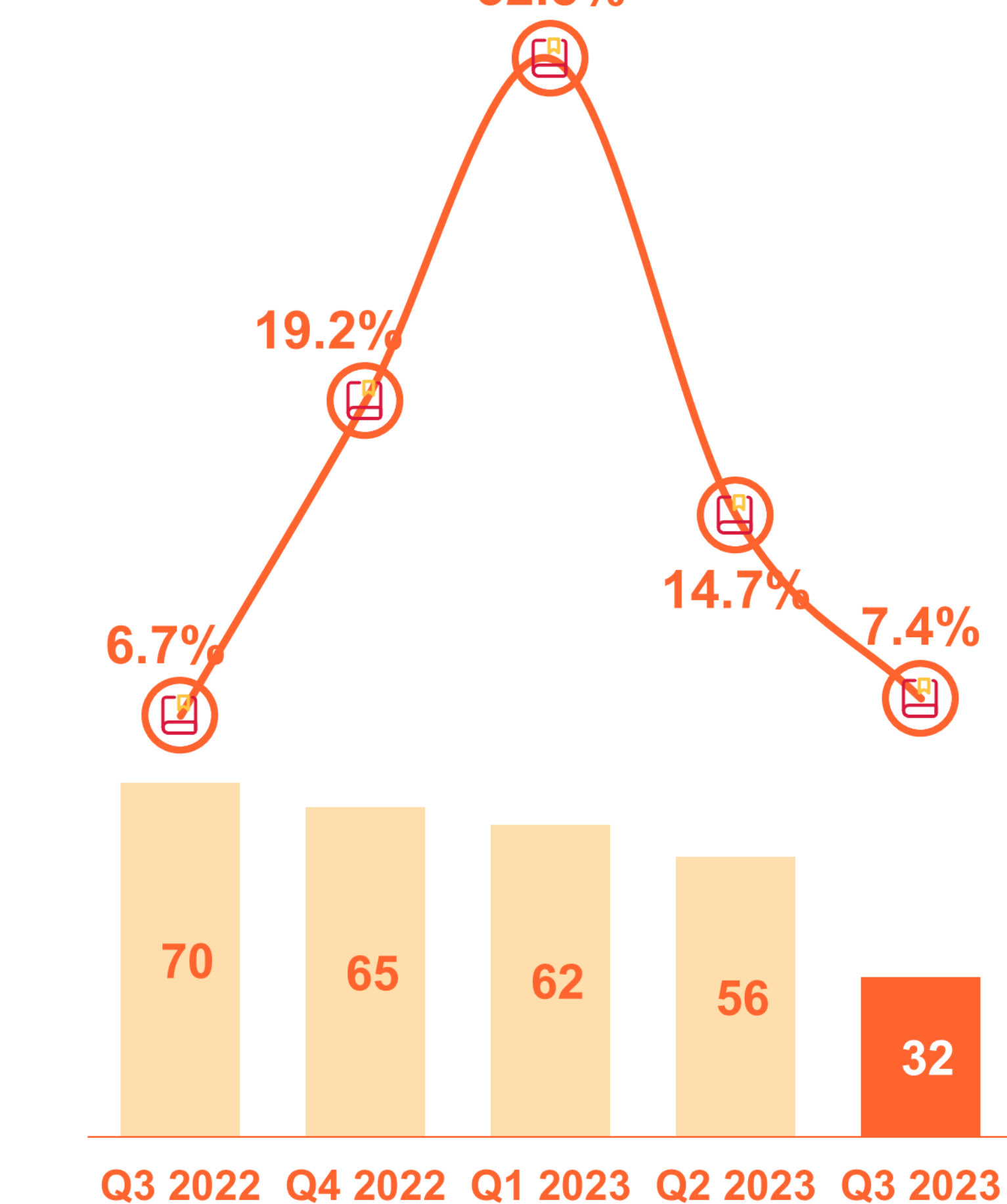
As % of Net Revenues



## Non-GAAP Research and Development Expenses

RMB millions

As % of Net Revenues



Note: excluding share-based compensation expenses

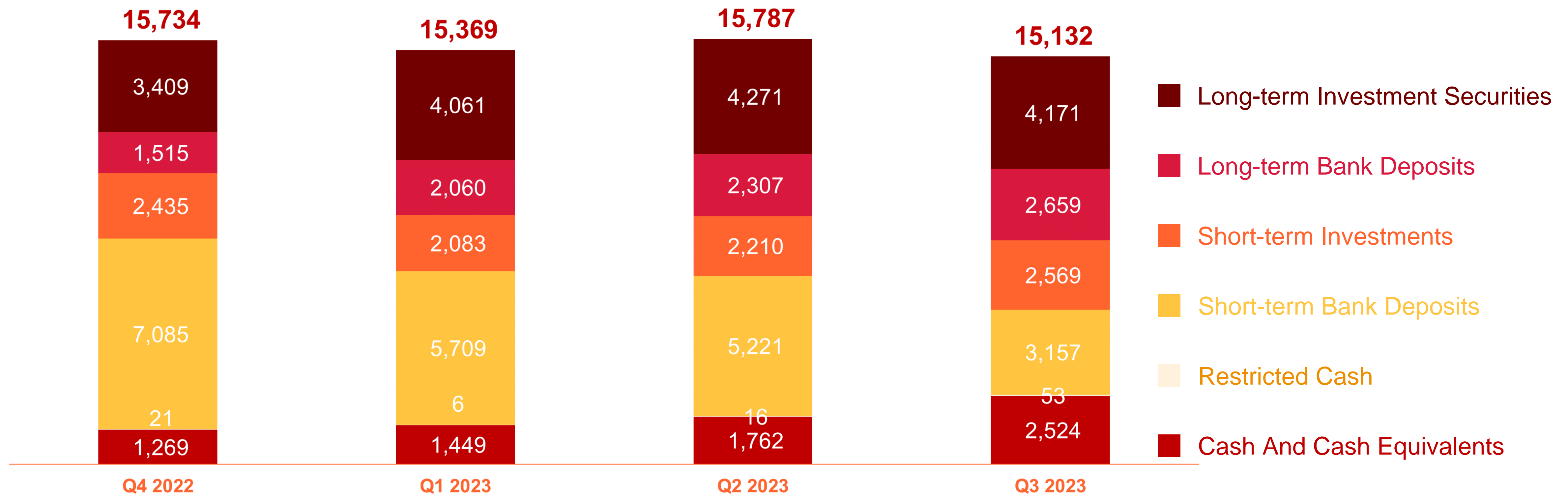


# GAAP to Non-GAAP Net Income Reconciliation **RLX TECH**

(In RMB thousands)	For the Three Months Ended			For the Nine Months Ended	
	Sep 30, 2022	Jun 30, 2023	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023
<b>Net Income</b>	<b>505,240</b>	<b>204,716</b>	<b>172,697</b>	<b>1,633,857</b>	<b>321,108</b>
Add: Share-based Compensation Expenses					
Selling Expenses	(24,189)	(15,338)	(4,045)	(48,232)	4,571
General and Administrative Expenses	(128,200)	(90,923)	29,771	(207,219)	140,190
Research and Development Expenses	(24,242)	(12,229)	(936)	(53,240)	1,490
<b>Non-GAAP Net Income</b>	<b>328,609</b>	<b>86,226</b>	<b>197,487</b>	<b>1,325,166</b>	<b>467,359</b>
Non-GAAP NPM (%)	31.5%	22.8%	46.1%	26.5%	47.0%
<b>Net Income Attributable to RLX Technology Inc.</b>	<b>503,357</b>	<b>202,787</b>	<b>170,988</b>	<b>1,669,699</b>	<b>316,809</b>
Add: Share-based Compensation Expenses	(176,631)	(118,490)	24,790	(308,691)	146,251
<b>Non-GAAP Net Income Attributable to RLX Technology Inc.</b>	<b>326,726</b>	<b>84,297</b>	<b>195,778</b>	<b>1,361,008</b>	<b>463,060</b>
<b>Non-GAAP Net Income per Ordinary Share/ADS</b>					
- Basic	0.247	0.064	0.149	1.025	0.352
- Diluted	0.246	0.062	0.146	1.014	0.345
<b>Weighted Average Number of Ordinary Shares/ADSs</b>					
- Basic	1,322,824,853	1,318,628,588	1,316,452,743	1,327,552,588	1,317,292,081
- Diluted	1,329,164,753	1,353,296,802	1,344,359,144	1,341,861,541	1,344,018,578



## Capital Resources





# Income Statements

**RLX TECH**

(In RMB thousands)	For the Three Months Ended			For the Nine Months Ended	
	Sep 30, 2022	Jun 30, 2023	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023
<b>Net Revenues</b>	<b>1,044,424</b>	<b>378,123</b>	<b>428,069</b>	<b>4,992,767</b>	<b>995,069</b>
Cost of Revenues	(522,451)	(171,733)	(222,056)	(2,835,908)	(472,482)
Excise Taxes on Products	-	(107,853)	(100,313)	-	(272,624)
<b>Gross Profit</b>	<b>521,973</b>	<b>98,537</b>	<b>105,700</b>	<b>2,156,859</b>	<b>249,963</b>
<b>Operating Expenses:</b>					
Selling Expenses	(52,544)	(45,226)	(39,698)	(251,125)	(170,685)
General and Administrative Expenses	41,746	41,368	(74,519)	(182,604)	(289,655)
Research and Development Expenses	(45,978)	(43,317)	(30,785)	(187,552)	(150,784)
<b>Total Operating Expenses</b>	<b>(56,776)</b>	<b>(47,175)</b>	<b>(145,002)</b>	<b>(621,281)</b>	<b>(611,124)</b>
<b>Income/(Loss) From Operations</b>	<b>465,197</b>	<b>51,362</b>	<b>(39,302)</b>	<b>1,535,578</b>	<b>(361,161)</b>
<b>Other Income:</b>					
Interest Income, net	56,237	162,888	158,259	126,112	469,950
Investment Income	38,104	20,588	21,028	110,974	63,001
Others, net	16,573	21,380	33,246	249,016	183,783
<b>Income Before Income Tax</b>	<b>576,111</b>	<b>256,218</b>	<b>173,231</b>	<b>2,021,680</b>	<b>355,573</b>
Income Tax Expense	(70,871)	(51,502)	(534)	(387,823)	(34,465)
<b>Net Income</b>	<b>505,240</b>	<b>204,716</b>	<b>172,697</b>	<b>1,633,857</b>	<b>321,108</b>
Less: Net Income/(Loss) Attributable to Noncontrolling Interests	1,883	1,929	1,709	(35,842)	4,299
<b>Net Income Attributable to RLX Technology Inc.</b>	<b>503,357</b>	<b>202,787</b>	<b>170,988</b>	<b>1,669,699</b>	<b>316,809</b>
<b>Other Comprehensive Income/(Loss):</b>					
Foreign Currency Translation Adjustments	618,060	563,078	(81,069)	1,152,674	333,913
Unrealized Income on Long-term Investment Securities	-	5,539	3,508	-	11,920
<b>Total Other Comprehensive Income/(Loss)</b>	<b>618,060</b>	<b>568,617</b>	<b>(77,561)</b>	<b>1,152,674</b>	<b>345,833</b>
<b>Total Comprehensive Income</b>	<b>1,123,300</b>	<b>773,333</b>	<b>95,136</b>	<b>2,786,531</b>	<b>666,941</b>
Less: Total Comprehensive Income/(Loss) Attributable to Noncontrolling Interests	1,883	1,929	1,709	(35,842)	4,299
<b>Total Comprehensive Income Attributable to RLX Technology Inc.</b>	<b>1,121,417</b>	<b>771,404</b>	<b>93,427</b>	<b>2,822,373</b>	<b>662,642</b>



# Balance Sheets

RLX TECH

(In RMB thousands)	As of	
	Dec 31, 2022	Sep 30, 2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	1,268,512	2,523,977
Restricted Cash	20,574	53,207
Short-Term Bank Deposits, net	7,084,879	3,156,599
Receivables From Online Payment Platforms	3,000	4,362
Short-Term Investments	2,434,864	2,568,599
Accounts and Notes Receivable, net	51,381	84,023
Inventories, net	130,901	78,323
Amounts Due From Related Parties	5,112	155,540
Prepayments and Other Current Assets, net	198,932	488,636
<b>Total Current Assets</b>	<b>11,198,155</b>	<b>9,113,266</b>
<b>Non-Current Assets</b>		
Property, Equipment and Leasehold Improvement, net	87,871	67,829
Intangible Assets, net	7,552	5,988
Long-Term Investments, net	8,000	434,949
Deferred Tax Assets, net	63,894	63,894
Right-of-Use Assets, net	75,008	57,883
Long-Term Bank Deposits, net	1,515,428	2,659,451
Long-Term Investment Securities, net	3,409,458	4,170,629
Other Non-Current Assets, net	13,458	6,054
<b>Total Non-Current Assets</b>	<b>5,180,669</b>	<b>7,466,677</b>
<b>Total Assets</b>	<b>16,378,824</b>	<b>16,579,943</b>
Cash and Cash Equivalents	1,268,512	2,523,977
Restricted Cash	20,574	53,207
Short-Term Bank Deposits, net	7,084,879	3,156,599
Short-Term Investments	2,434,864	2,568,599
Long-Term Bank Deposits, net	1,515,428	2,659,451
Long-Term Investment Securities, net	3,409,458	4,170,629
<b>Total Cash and Cash Equivalents</b>	<b>15,733,715</b>	<b>15,132,462</b>



# Balance Sheets (Cont'd)

**RLX TECH**

(In RMB thousands)	As of	
	Dec 31, 2022	Sep 30, 2023
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts and Notes Payable	269,346	240,001
Contract Liabilities	75,226	68,253
Salary and Welfare Benefits Payable	127,749	80,961
Taxes Payable	109,676	82,460
Amounts Due to Related Parties	423	-
Accrued Expenses and Other Current Liabilities	161,455	105,839
Lease Liabilities - Current Portion	45,955	35,703
<b>Total Current Liabilities</b>	<b>789,830</b>	<b>613,217</b>
<b>Non-Current Liabilities</b>		
Deferred Tax Liabilities	8,653	8,653
Lease Liabilities - Non-Current Portion	39,968	29,612
<b>Total Non-Current Liabilities</b>	<b>48,621</b>	<b>38,265</b>
<b>Total Liabilities</b>	<b>838,451</b>	<b>651,482</b>
<b>Shareholders' Equity:</b>		
Total RLX Technology Inc. shareholders' Equity	15,569,060	15,942,807
Noncontrolling Interests	(28,687)	(14,346)
<b>Total Shareholders' Equity</b>	<b>15,540,373</b>	<b>15,928,461</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>16,378,824</b>	<b>16,579,943</b>



# Statements of Cash Flows

**RLX TECH**

(In RMB thousands)	For the Three Months Ended			For the Nine Months Ended	
	Sep 30, 2022	Jun 30, 2023	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023
<b>Net Cash (Used In) / Generated From Operating Activities</b>	<b>(1,016,862)</b>	<b>41,339</b>	<b>67,452</b>	<b>735,695</b>	<b>(121,895)</b>
<b>Net Cash Generated From / (Used In) Investing Activities</b>	<b>211,064</b>	<b>431,683</b>	<b>967,342</b>	<b>(4,885,585)</b>	<b>1,780,979</b>
<b>Net Cash Used In Financing Activities</b>	<b>(19,822)</b>	<b>(199,080)</b>	<b>(229,492)</b>	<b>(326,623)</b>	<b>(424,226)</b>
Effect of Foreign Exchange Rate Changes On Cash, Cash Equivalents And Restricted Cash	22,772	48,393	(5,562)	173,813	53,240
<b>Net (Decrease) / Increase In Cash and Cash Equivalents and Restricted Cash</b>	<b>(802,848)</b>	<b>322,335</b>	<b>799,740</b>	<b>(4,302,700)</b>	<b>1,288,098</b>
Cash, Cash Equivalents and Restricted Cash at the Beginning of the Period	1,709,615	1,455,109	1,777,444	5,209,467	1,289,086
<b>Cash, Cash Equivalents and Restricted Cash at the End of the Period</b>	<b><u>906,767</u></b>	<b><u>1,777,444</u></b>	<b><u>2,577,184</u></b>	<b><u>906,767</u></b>	<b><u>2,577,184</u></b>



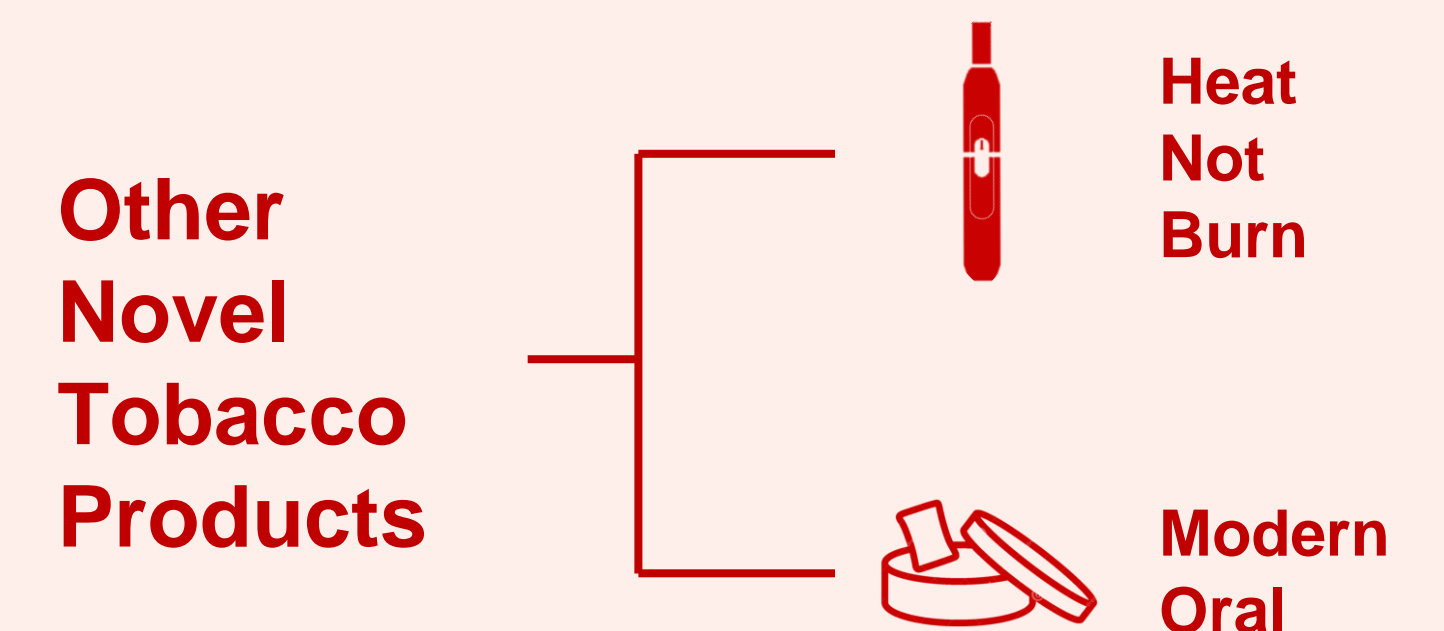
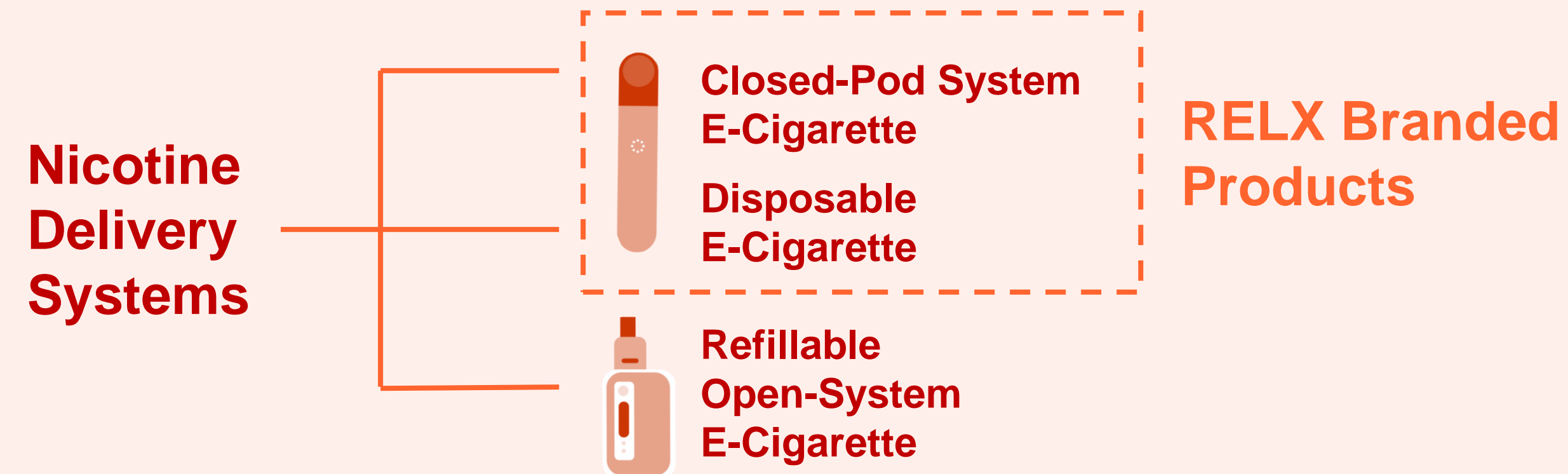


# APPENDIX



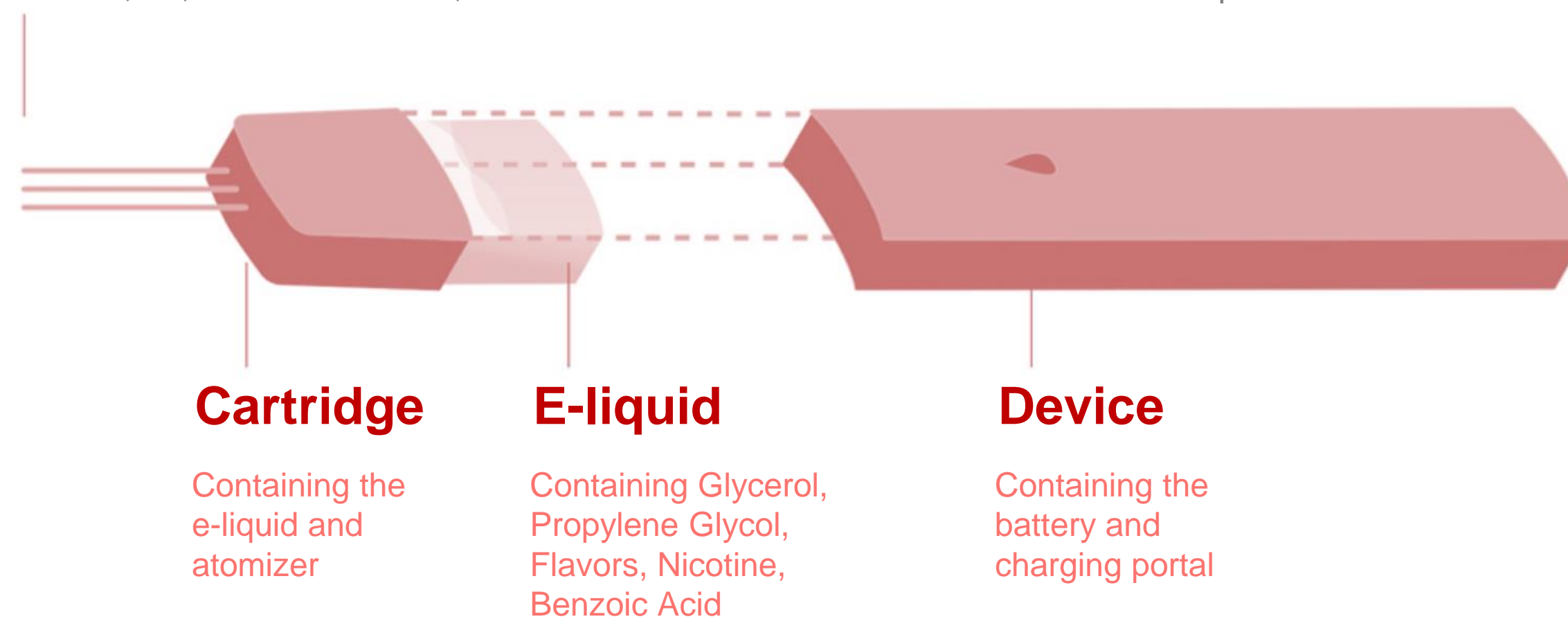
# E-cigarettes Industry Overview

RLX TECH



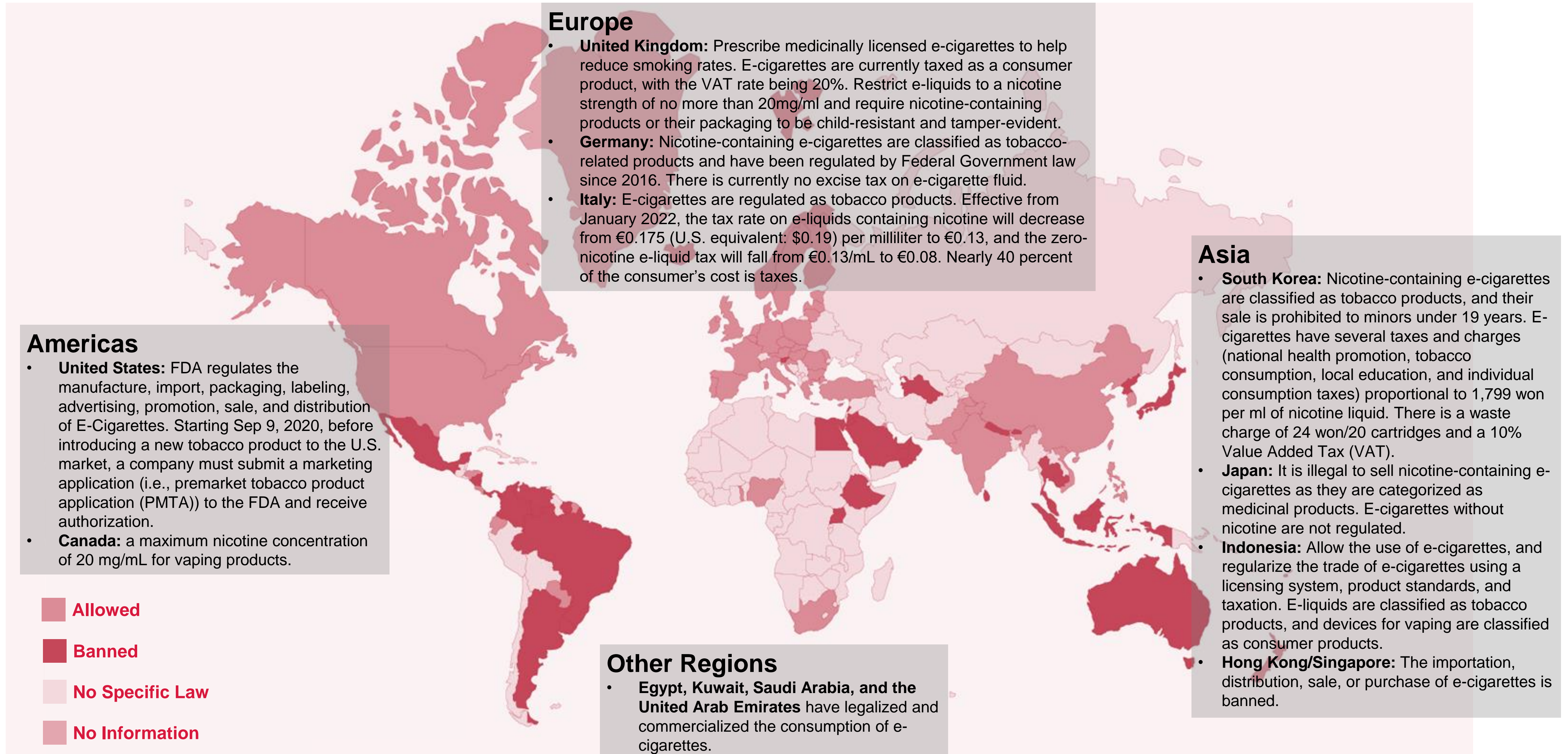
## From E-liquid to Aerosol

Using an atomizer to heat up e-liquid in a cartridge to produce aerosol without fire, flame, tobacco, tar, carbon monoxide, and other chemicals found in combustible tobacco products.





# Global E-cigarettes Regulatory Landscape



Note: GSTHR. Global status shown in the map was as of 2020.



# E-cigarettes Regulations in China

RLX TECH

## Pre-Regulatory Era

On Oct 30, 2019, the State Administration for Market Regulation (SAMR) and the State Tobacco Monopoly Administration (STMA) jointly issued the October 2019

Announcement. Following the October 2019 Announcement, e-commerce platforms were required to **discontinue the online sales of e-vapor.**

On Nov 26, 2021, China's State Council announced it had amended the Regulations for the Implementation of the Tobacco Monopoly Law of China to include e-cigarettes and related products.

On Nov 30, 2021, a draft of "Electronic Cigarette" Mandatory National Standards was released.

On Dec 2, 2021, China's State Tobacco Monopoly Administration (STMA) released a draft of the Administrative Measures for E-Cigarettes.

On Mar 18, 2022, RELX was selected as one of the first three e-vapor brands to test the national transaction platform in Huizhou and Xiamen for three months.

On Oct 1, 2022, the E-Cigarettes Administrative Measures, the National Standards, and the relevant implementing policies and rules became fully effective.

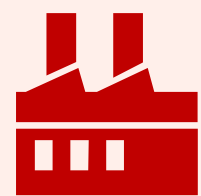
On Mar 22, 2021, the Ministry of Industry and Information Technology issued the Decision to Amend the Implementation Regulations of the Tobacco Monopoly Law of the People's Republic of China (Draft for Comment), which proposes to add "the regulation for next-generation tobacco products including e-cigarettes shall refer to the relevant regulations for cigarettes under the Implementation Regulations." to the Implementation Regulations.

On Mar 11, 2022, STMA issued the Administrative Measures for E-Cigarettes, which came into effect on May 1, 2022; The second draft of "Electronic Cigarette" Mandatory National Standards was released and **banned flavored e-cigarettes other than those with tobacco flavor.**

On Jul 22, 2022, RLX obtained the Tobacco Monopoly License for Manufacturing Enterprise.

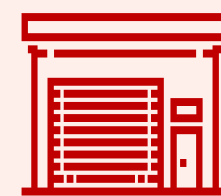
On Nov 1, 2022, an excise tax on e-cigarettes came into effect:

- **E-cigarette manufacturers/importers are subject to a 36% excise tax**
- E-cigarette distributors are subject to an 11% excise tax



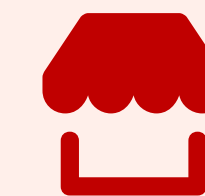
## Manufacturing

E-cigarette manufacturing enterprises, enterprises holding e-cigarette brands and e-cigarette OEM enterprises are required to apply for a **Tobacco Monopoly License for Manufacturing Enterprise**



## Wholesale

E-cigarette wholesale enterprises must apply for a **Tobacco Monopoly License for Wholesale Enterprises**



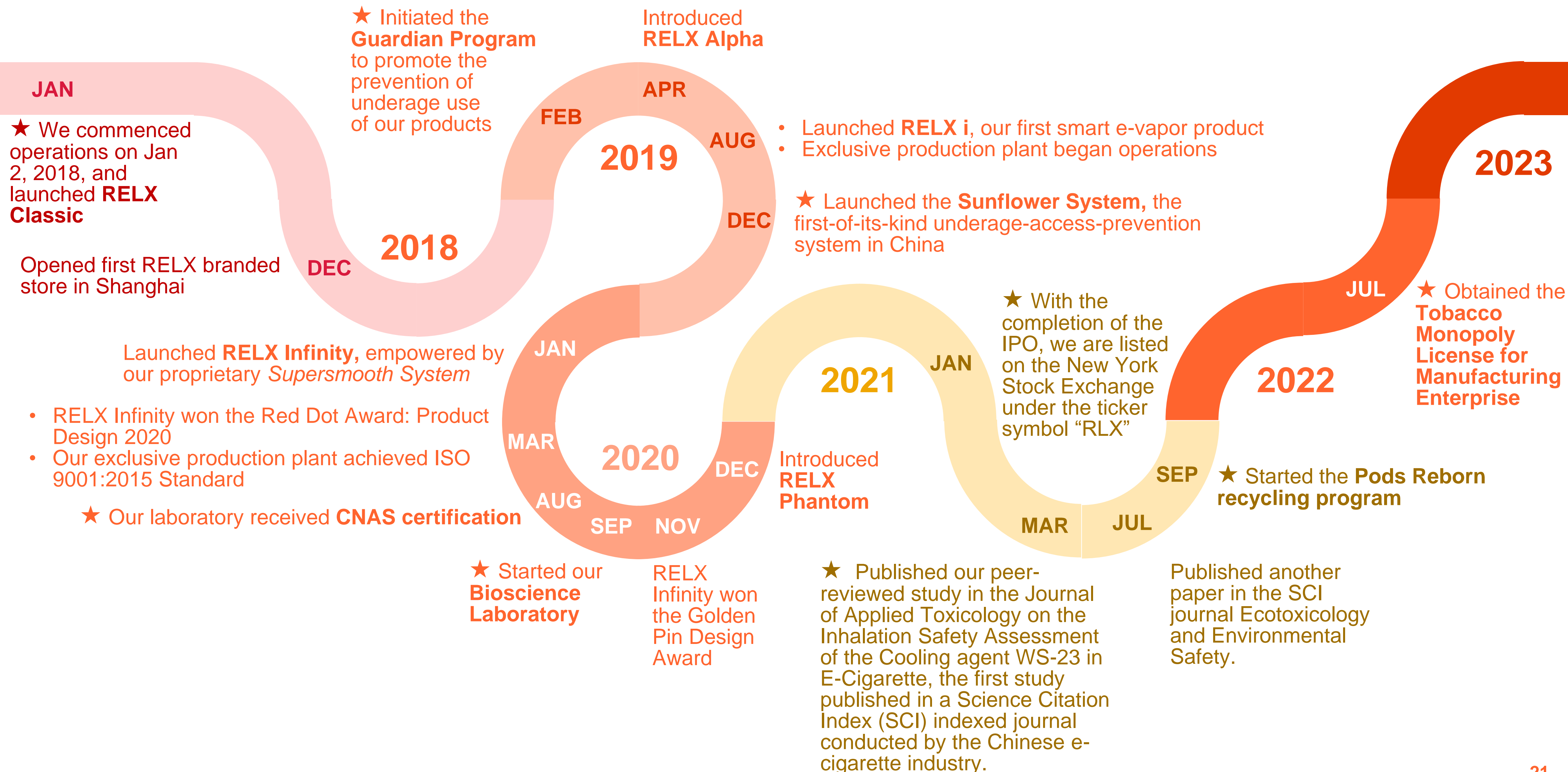
## Retail

E-cigarette retailers must apply for a **Tobacco Monopoly License for Retail Business**, and they should purchase e-cigarette products from local e-cigarette wholesale enterprises and avoid conducting any exclusive operations regarding any marketed e-cigarette products

E-cigarettes, e-atomization material, and e-cigarette nicotine, among others, can only be transacted via the **National Transaction Platform.**

# Company Milestones

RLX TECH





# Strong R&D Capability


## The Birth of an RLX Tech Product

The Whole R&D Process	User Evaluation	Formula Adjustments	Product Tests
80 days	500+	100+	197 items

## R&D Indicators

By June 2022:	In 2021:
Patents Filed Globally	Cooperative Research Projects
610	13

## “1+4” Science Research Matrix

 **Product Quality**  
Stable product quality is the cornerstone of scientific research.  
The only way to draw meaningful scientific conclusions is by ensuring stable quality.

**Physiochemical Research**  
Relying on RLX Tech’s Chemistry Laboratory, we study the content of various chemical components in aerosols. We focus on the potential risk components in the released content and accumulate data for our quantitative risk assessment and clinical experiments.

**Toxicology Research**  
We systematically evaluate the toxicity of e-liquid and aerosols, exploring their impacts on different body tissues and in different dimensions. The results can also serve as prerequisites for clinical research.

**Long-term Impact Assessment**  
We study changes in the user group’s characteristics from a public health perspective. We build comprehensive and complex analytical models and predict the public health impacts of our e-vaping products based on our toxicological and clinical findings.

**Clinical Research**  
We track users regularly to monitor changes in physiological indicators and relevant biomarkers in the body. We carry out research on user vaping behavior and nicotine pharmacokinetics.



# Management Team with Proven Track Record

RLX TECH



**Ms. Ying (Kate) Wang**

Co-founder  
Chief Executive Officer

- Ms. Wang served in several leadership roles, including the head of Didi Youxiang and head of Uber China at Didi Chuxing, and as a regional general manager at Uber China, from December 2014 to April 2018. Before joining Uber China, Ms. Wang was a consultant at Bain & Company from October 2013 to December 2014.
- Ms. Wang received a bachelor's degree in finance and law from Xi'an Jiaotong University, a master's degree in management from Xi'an Jiaotong University, and an MBA from Columbia Business School.



**Mr. Long (David) Jiang**

Co-founder  
Head of China Sales

- Mr. Jiang is responsible for our distribution and retail management in China. Mr. Jiang has 17 years of extensive experience in fast-moving consumer goods and technology industries, including as a regional general manager at Didi Chuxing, national head of customer marketing and channel in China at Bacardi, senior group key accounts manager at L'Oréal, and senior key account manager at Procter & Gamble.
- Mr. Jiang received a bachelor's degree in mechanical engineering from Tsinghua University and a master's degree in scientific policy strategy and management from the Chinese Academy of Sciences.



**Mr. Yilong Wen**

Co-founder  
Head of supply chain, product development and scientific research

- Mr. Wen is responsible for our supply chain, product development, and scientific research. Mr. Wen has nine years of experience in fast-moving consumer goods, technology, and automobile industries, including as regional general manager at Didi Chuxing, a vehicle simulation engineer at Mercedes-Benz.
- Mr. Wen received a bachelor's degree in mechanical engineering from Shanghai Jiao Tong University, a bachelor's degree in mechanical engineering from the University of Michigan, and double master's degrees in mechanical engineering, design, and manufacturing from the University of Michigan.



**Mr. Chao Lu**

Chief Financial Officer

- Before joining the Company, Mr. Lu served as Managing Director and Head of Asia Healthcare Investment Banking at Citigroup, where he was responsible for healthcare client coverage at Citigroup across the Asia Pacific region, education, and other selective consumer client coverage worked in Morgan Stanley Investment Banking, CICC Investment Banking, and the private equity investment industry.
- Mr. Lu received a bachelor's degree in operations research and financial engineering from Princeton University.





# RLX Technology Inc.

---

Earnings Presentation Q3 2023