

RLX TECHNOLOGY INC.

Earnings Presentation Q1 2022

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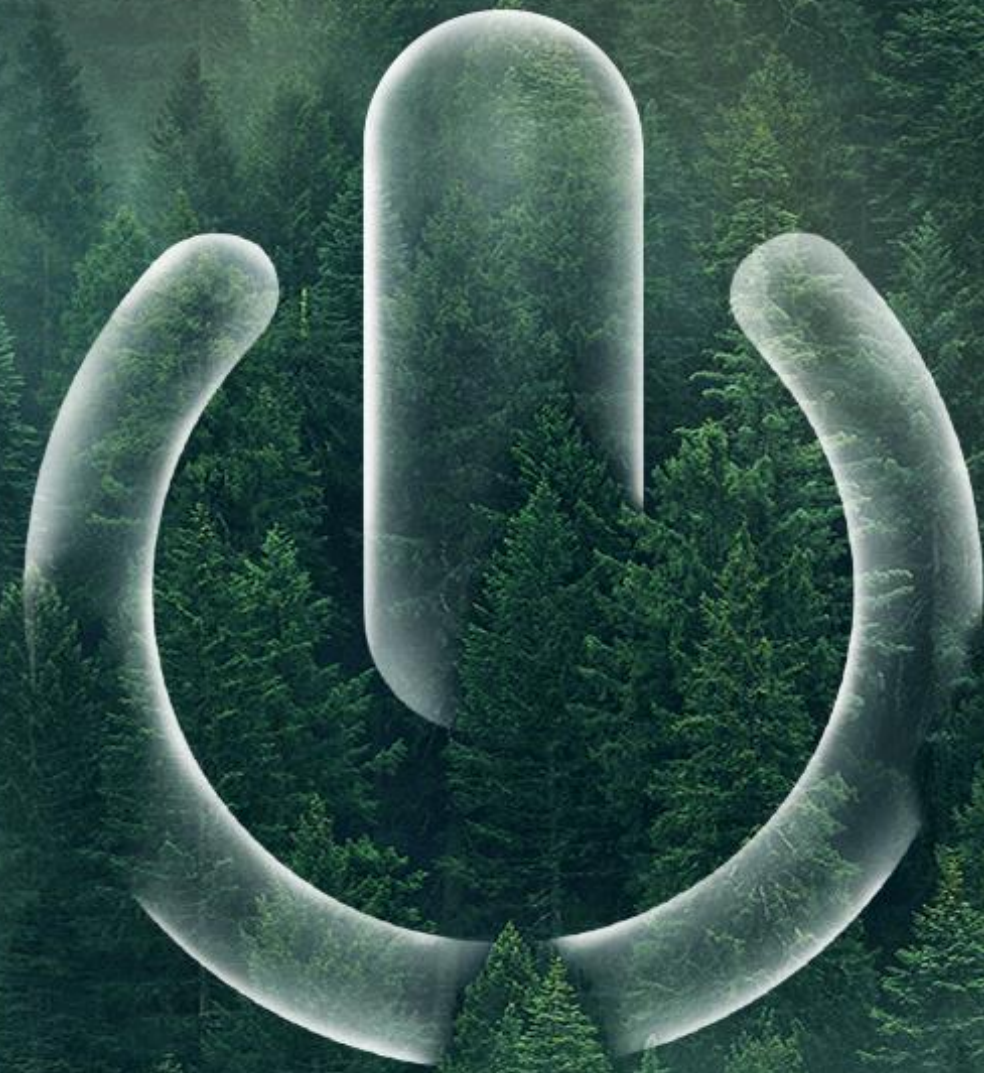
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This presentation also contains non-GAAP financial measures, the presentation of which is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. In addition, 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.

This presentation speaks as of December 03, 2021. Neither the delivery of this document nor any further discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since that date.

OPERATIONAL HIGHLIGHTS





What We Have Accomplished



Achieved **carbon neutrality** in office buildings in Beijing, Shanghai, Shenzhen in 2021



Launched **Used Pods Recycling Program**



Established **Sustainable Development Committee**

Our Targets

We are committed to achieving:

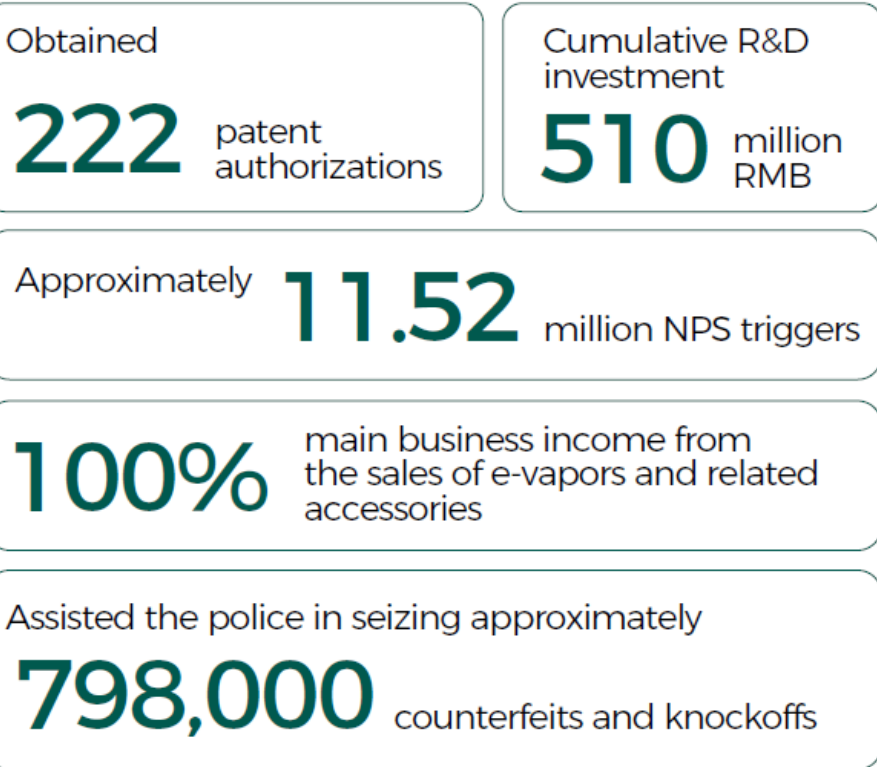


Carbon neutrality in direct operations (Scope 1+2) by **2033**

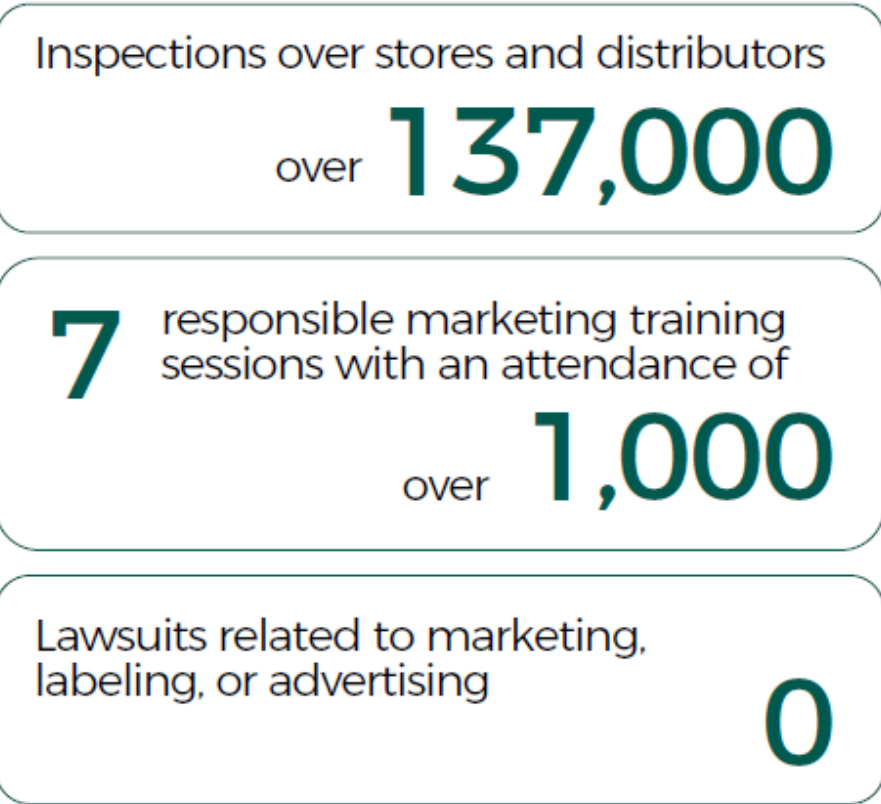


Carbon neutrality across the value chain (Scope 1+2+3) by **2050**

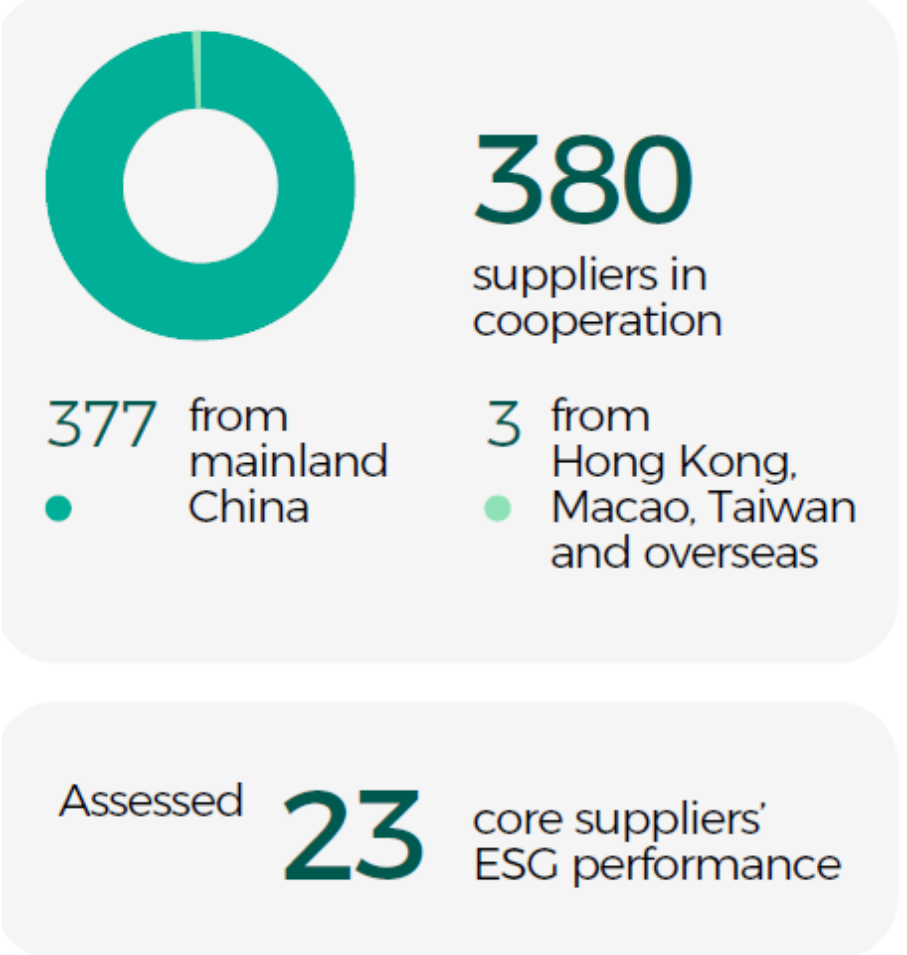
Product Responsibility



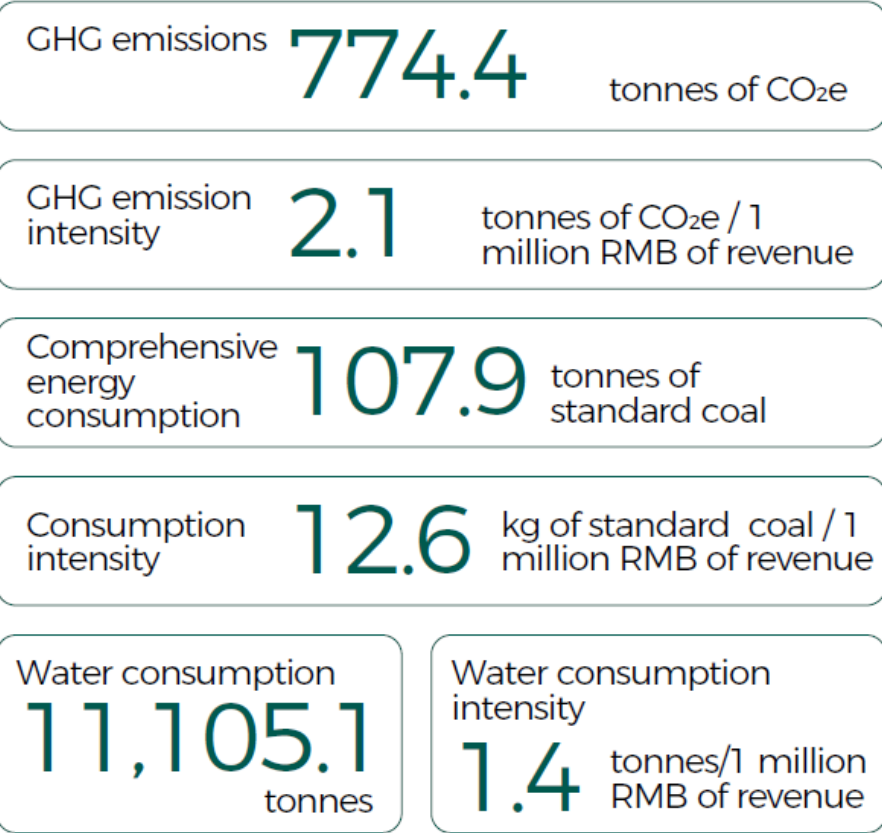
Responsible Marketing



Sustainable Supply Chain



Addressing Climate Change



让我们
开始回收吧!

您的行动,
将为乡村振兴
添砖加瓦!



邀您扫码
了解更多活动详情



中华思源工程扶贫基金会
CHINA SIYUAN FOUNDATION FOR POVERTY ALLEVIATION



回收计划
RECYCLING PROGRAM

RELX 悦刻



1 领取回收袋
收集空弹



2 收集完后交给
RELX店员核验



3 空弹再利用:
经集中处理后
成为水泥辅料
助力乡村振兴



FINANCIAL
HIGHLIGHTS

解决方案

空回收

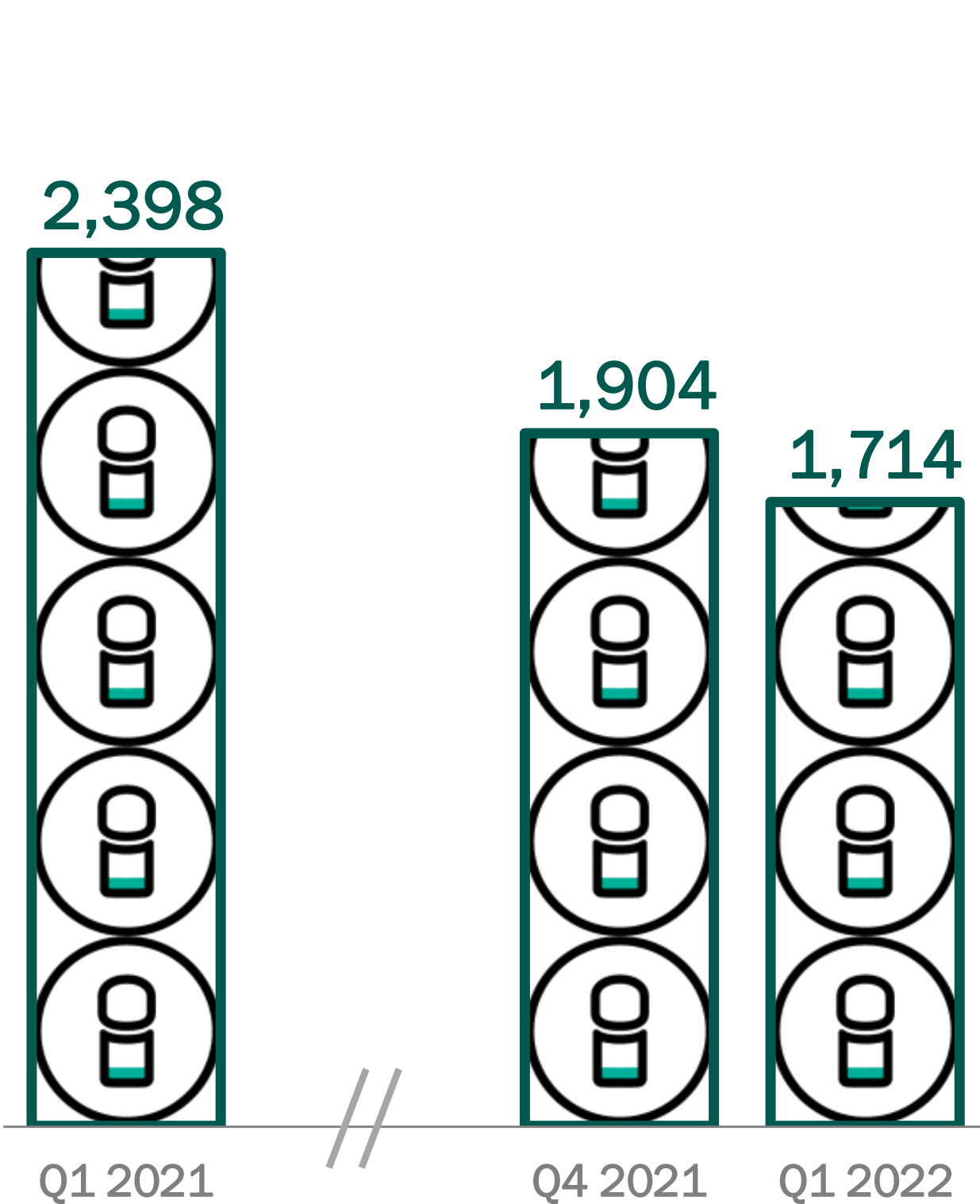
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RLX TECH

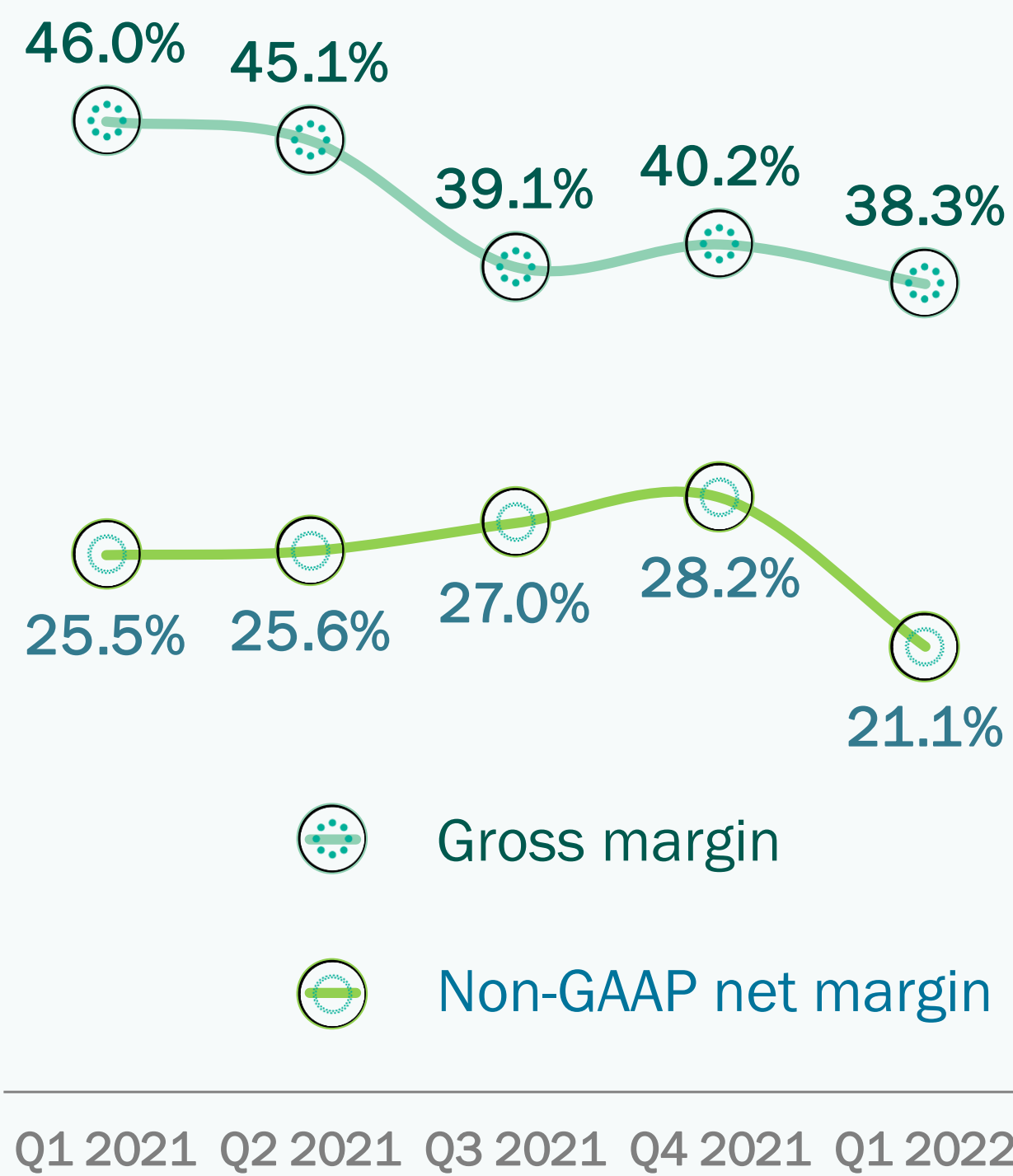
Q1 2022 Financial Highlights

Net Revenues

RMB millions

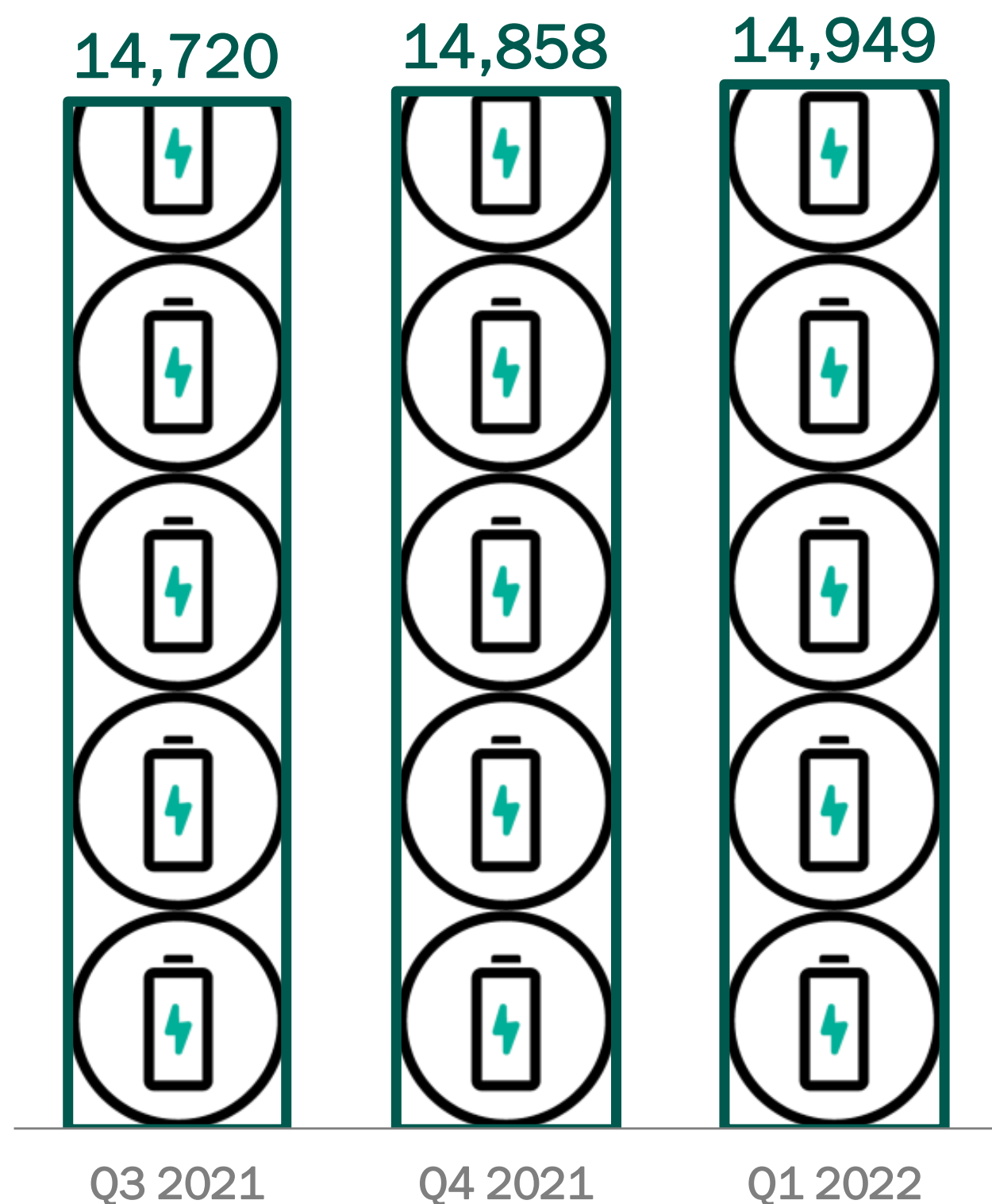


Profitability



Capital Resources

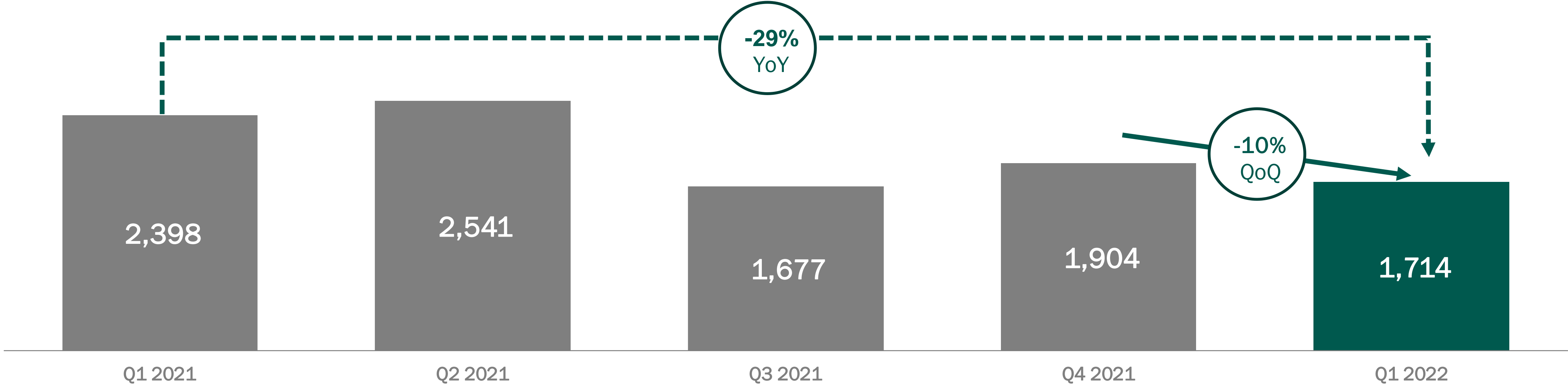
RMB millions



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

Net Revenues by Quarter

RMB millions



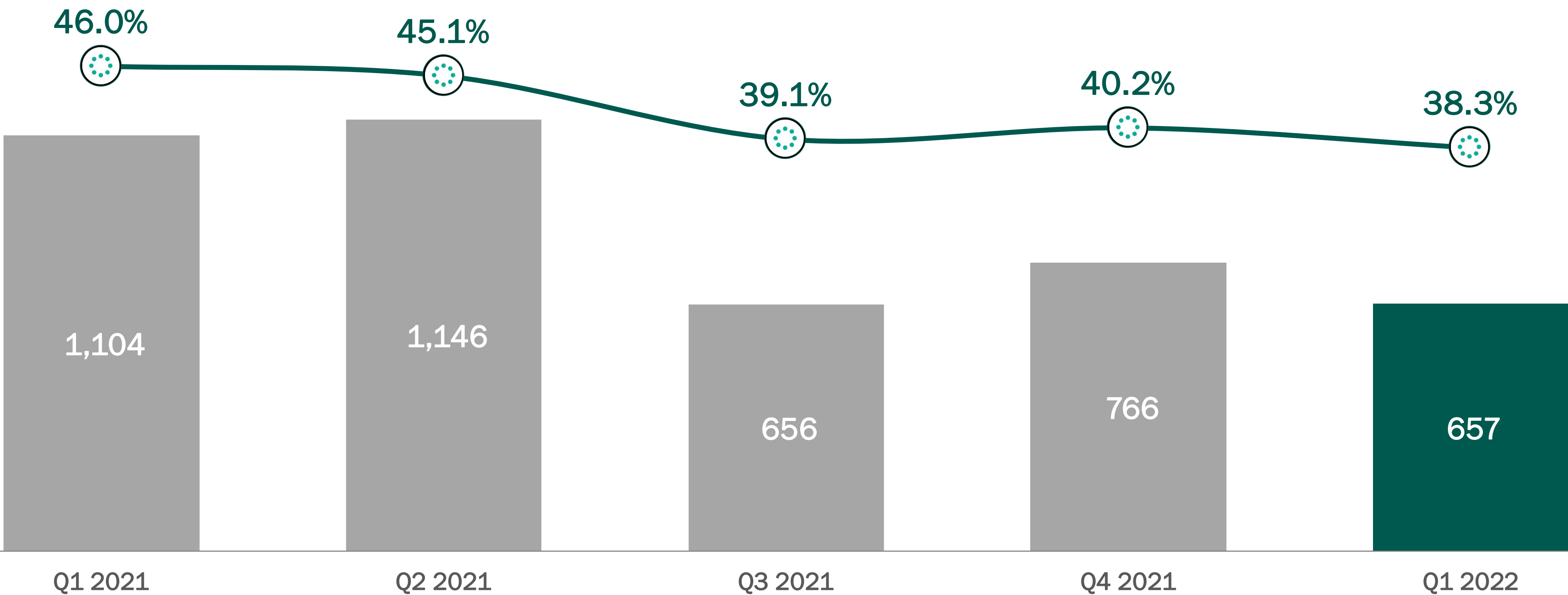
The decrease in quarterly net revenues was primarily due to:

- COVID-19’s impact on our production plant in Shenzhen
- The negative publicity on the e-vapor industry

Gross Profit and Gross Margin

RMB millions

Gross
Margin



Gross Margin Waterfall Analysis



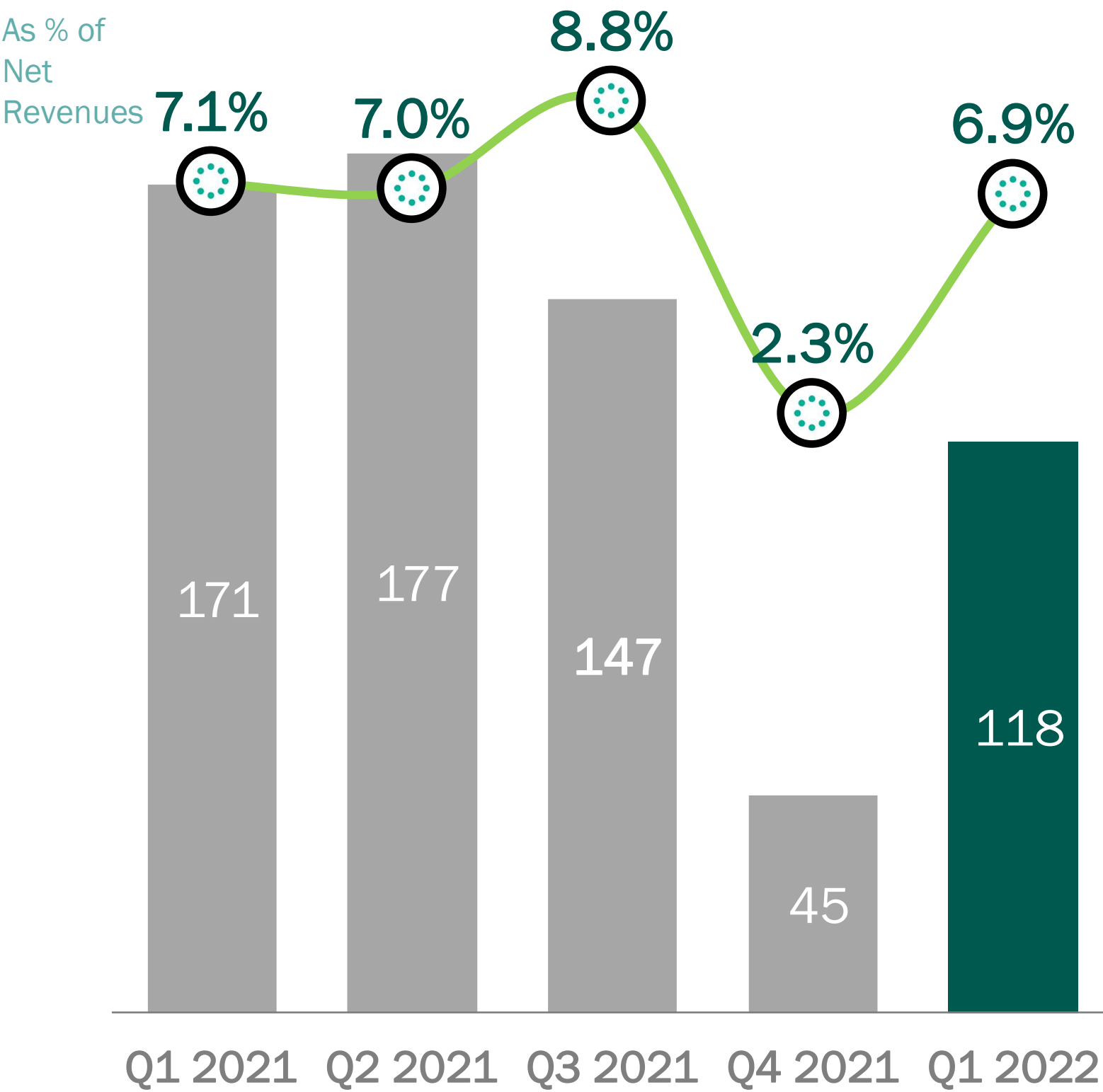
Gross margin compression mainly attributable to:

- An increase in inventory provision
- Unfavorable change in product mix

Operating Expense Trend

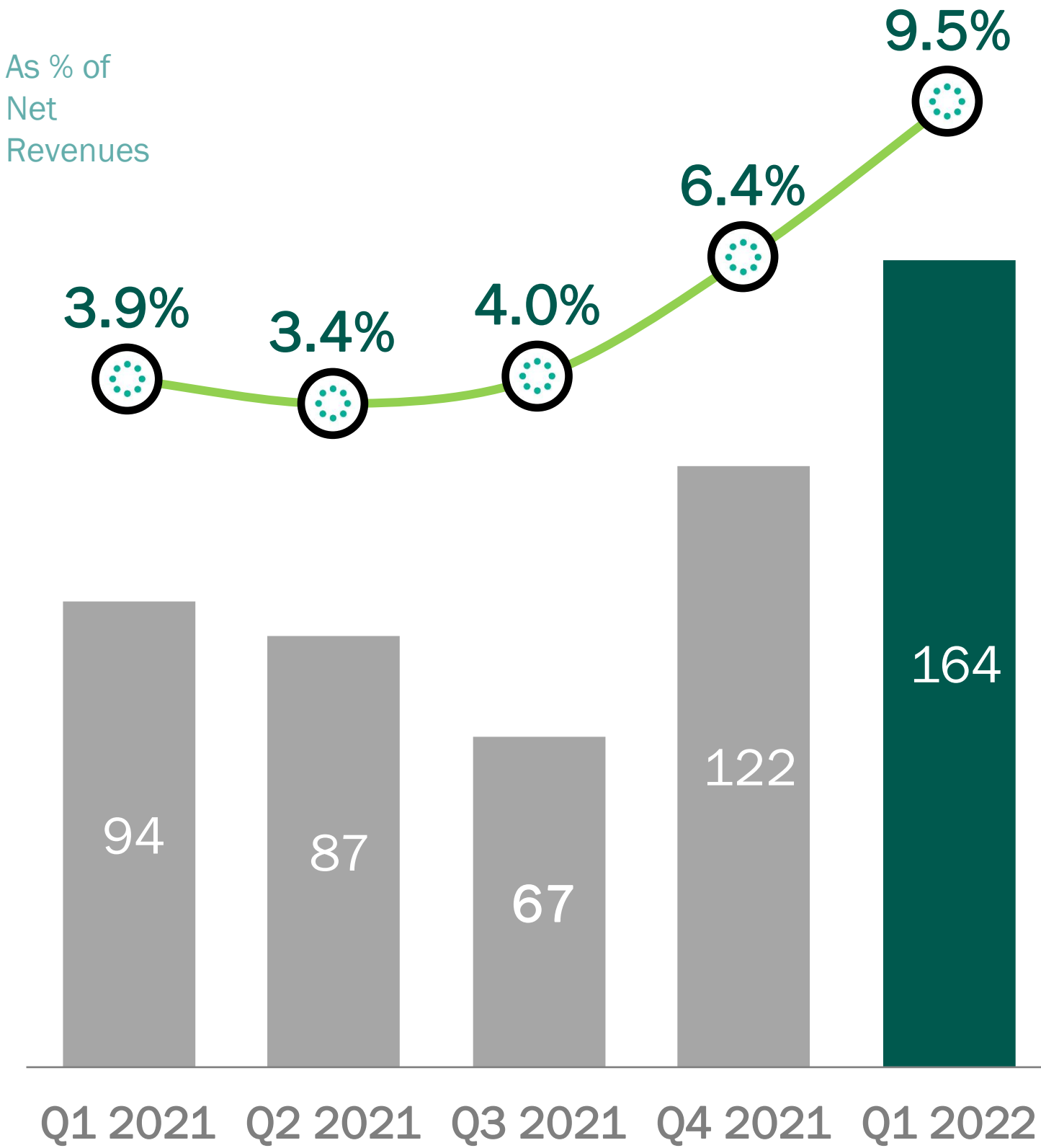
Non-GAAP Selling Expenses

RMB millions



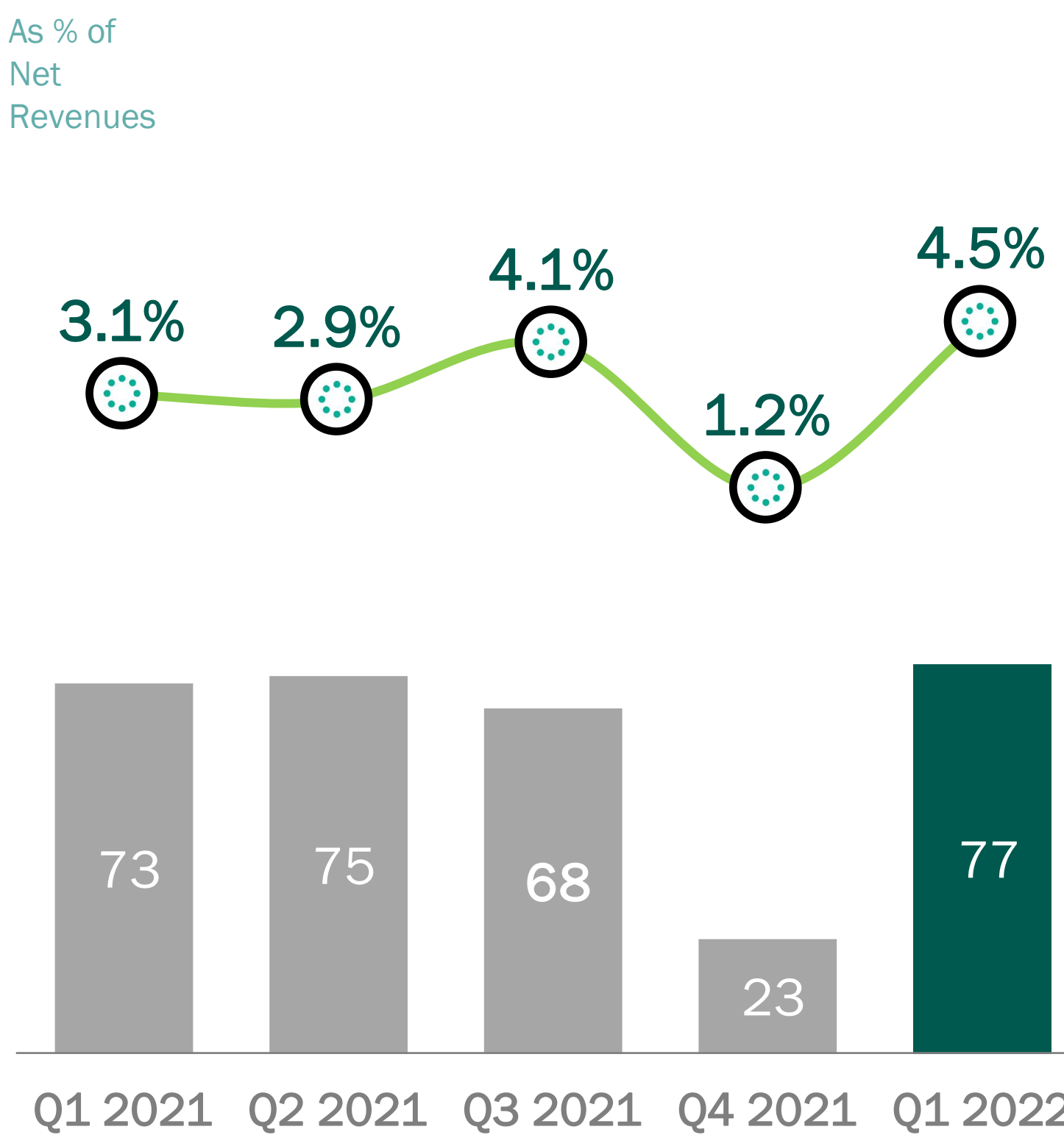
Non-GAAP General and Administrative Expenses

RMB millions



Non-GAAP Research and Development Expenses

RMB millions



Note: excluding share-based compensation expenses

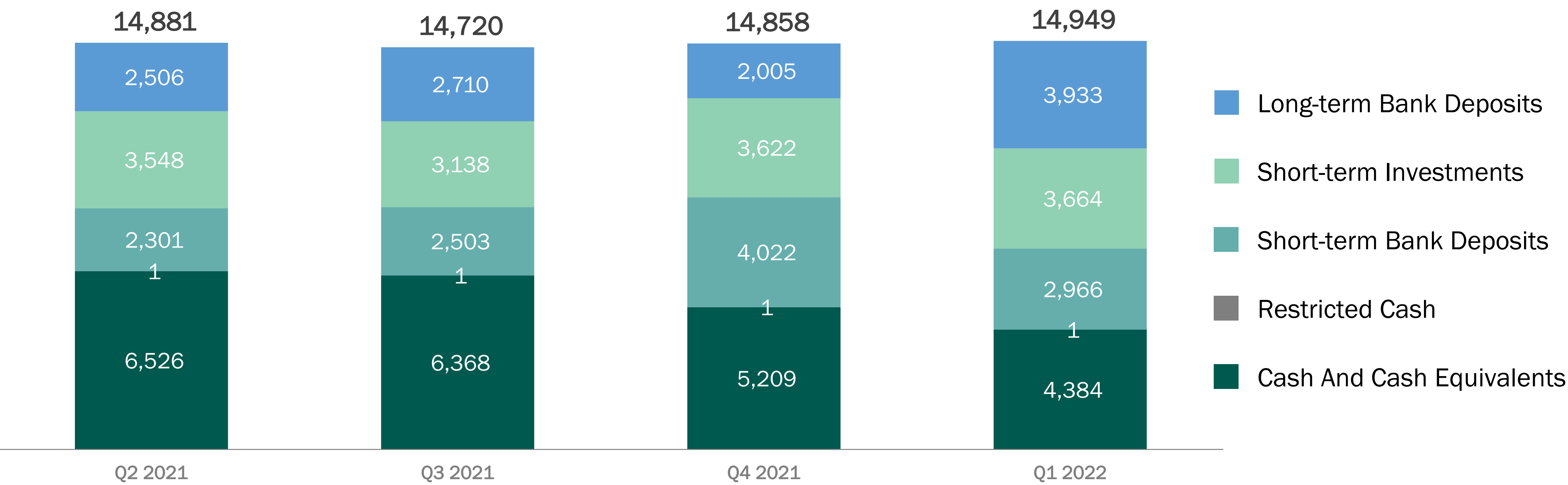
GAAP to Non-GAAP Net Income Reconciliation

RLX TECH

(In RMB thousands)	For the Three Months Ended		
	Mar 31, 2021	Dec 31, 2021	Mar 31, 2022
Net (Loss)/Income	(267,029)	494,415	687,055
Add: Share-based Compensation Expenses			
Selling Expenses	120,703	1,885	(41,939)
General and Administrative Expenses	618,493	45,107	(230,087)
Research and Development Expenses	138,313	(4,872)	(53,211)
Non-GAAP Net Income	610,480	536,535	361,818
Non-GAAP NPM (%)	25.5%	28.2%	21.1%
Net (Loss)/ Income attributable to RLX Technology Inc.	(267,029)	493,524	705,281
Add: Share-based Compensation Expenses	877,509	42,120	(325,237)
Non-GAAP Net Income Attributable to RLX Technology Inc.	610,480	535,644	380,044
Non-GAAP Net Income per Ordinary Share/ADS			
- Basic	0.398	0.398	0.284
- Diluted	0.398	0.394	0.281
Weighted Average Number of Ordinary Shares/ADSs			
- Basic	1,532,086,681	1,346,184,770	1,336,118,854
- Diluted	1,532,086,681	1,358,494,650	1,354,294,220

Capital Resources

RMB millions



Income Statements

RLX TECH

(In RMB thousands)	For the Three Months Ended		
	Mar 31, 2021	Dec 31, 2021	Mar 31, 2022
Net Revenues	2,398,496	1,904,355	1,714,450
Cost of Revenues	(1,294,423)	(1,138,826)	(1,057,447)
Gross Profit	1,104,073	765,529	657,003
Operating Expenses:			
Selling Expenses	(291,535)	(46,628)	(75,947)
General and Administrative Expenses	(712,814)	(167,108)	66,395
Research and Development Expenses	(211,634)	(17,797)	(24,007)
Total Operating Expenses	(1,215,983)	(231,533)	(33,559)
(Loss)/Income From Operations	(111,910)	533,996	623,444
Other Income/(expense):			
Interest Income, net	9,414	24,297	27,151
Investment Income	14,927	27,964	32,239
Others, net	(3,167)	37,694	116,857
(Loss)/Income Before Income Tax	(90,736)	623,951	799,691
Income Tax Expense	(176,293)	(129,536)	(112,636)
Net (Loss)/Income	(267,029)	494,415	687,055
Less: Net Income/(Loss) Attributable to Noncontrolling Interests	-	891	(18,226)
Net (Loss)/Income attributable to RLX Technology Inc.	(267,029)	493,524	705,281
Other Comprehensive Income/(Loss):			
Foreign Currency Translation Adjustments	175,523	(181,851)	(45,824)
Total Other Comprehensive Income/(Loss)	175,523	(181,851)	(45,824)
Total Comprehensive (Loss)/Income	(91,506)	312,564	641,231
Less: Total Comprehensive Income/(Loss) Attributable To Noncontrolling Interests	-	891	(18,226)
Total Comprehensive (Loss)/Income Attributable To RLX Technology Inc.	(91,506)	311,673	659,457

(In RMB thousands)

	As of	
	Dec 31, 2021	Mar 31, 2022
ASSETS		
Current Assets		
Cash and Cash Equivalents	5,208,967	4,384,204
Restricted Cash	500	500
Short-Term Bank Deposits	4,022,119	2,966,402
Receivables From Online Payment Platforms	10,006	14,768
Short-Term Investments	3,621,637	3,664,332
Accounts And Notes Receivable	14,024	66,965
Inventories, net	589,088	266,500
Amounts Due From Related Parties	1,936	7,182
Prepayments and Other Current Assets	482,659	263,250
Total Current Assets	13,950,936	11,634,103
Non-Current Assets		
Property, Equipment and Leasehold Improvement, net	143,155	154,767
Intangible Assets, net	8,366	10,409
Long-Term Investments	12,000	12,000
Deferred Tax Assets	20,856	20,856
Right-of-Use Assets, net	176,258	168,136
Long-Term Bank Deposits	2,004,593	3,933,415
Other Non-Current Assets	48,961	41,603
Total Non-Current Assets	2,414,189	4,341,186
Total Assets	16,365,125	15,975,289
Cash And Cash Equivalents	5,208,967	4,384,204
Restricted Cash	500	500
Short-Term Bank Deposits	4,022,119	2,966,402
Short-Term Investments	3,621,637	3,664,332
Long-Term Bank Deposits	2,004,593	3,933,415
Total Cash and Cash Equivalents	14,857,816	14,948,853

Balance Sheets (Cont'd)

RLX TECH

(In RMB thousands)	As of	
	Dec 31, 2021	Mar 31, 2022
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts And Notes Payable	1,288,845	1,004,360
Short-term Loan	-	100,000
Contract Liabilities	286,651	216,669
Salary And Welfare Benefits Payable	170,393	125,725
Taxes Payable	597,761	432,398
Accrued Expenses And Other Current Liabilities	313,396	378,101
Amounts Due To Related Parties	-	-
Lease Liabilities - Current Portion	80,582	83,960
Total Current Liabilities	2,737,628	2,341,213
Non-Current Liabilities		
Deferred Tax Liabilities	4,513	4,513
Lease Liabilities - Non-Current Portion	104,232	90,949
Total Non-Current Liabilities	108,745	95,462
Total Liabilities	2,846,373	2,436,675
Shareholders' Equity:		
Total RLX Technology Inc. shareholders' Equity	13,514,952	13,553,040
Noncontrolling Interests	3,800	(14,426)
Total Shareholders' Equity	13,518,752	13,538,614
Total Liabilities And Shareholders' Equity	16,365,125	15,975,289

Statements of Cash Flows

(In RMB thousands)	For the Three Months Ended		
	Mar 31, 2021	Dec 31, 2021	Mar 31, 2022
Net Cash Generated From Operating Activities	827,565	465,738	308,169
Net Cash Used In Investing Activities	(2,814,247)	(1,397,519)	(950,764)
Net Cash Generated From/(Used In) Financing Activities	10,037,422	(127,516)	(161,612)
Effect Of Foreign Exchange Rate Changes On Cash, Cash Equivalents And Restricted Cash	144,226	(99,770)	(20,556)
Net Increase/(Decrease) In Cash And Cash Equivalents And Restricted Cash	8,194,966	(1,159,067)	(824,763)
Cash, Cash Equivalents And Restricted Cash At The Beginning of The Period	1,454,801	6,368,534	5,209,467
Cash, Cash Equivalents And Restricted Cash At The End of The Period	9,649,767	5,209,467	4,384,704

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