

RLX TECHNOLOGY INC.

Earnings Presentation Q3 2021

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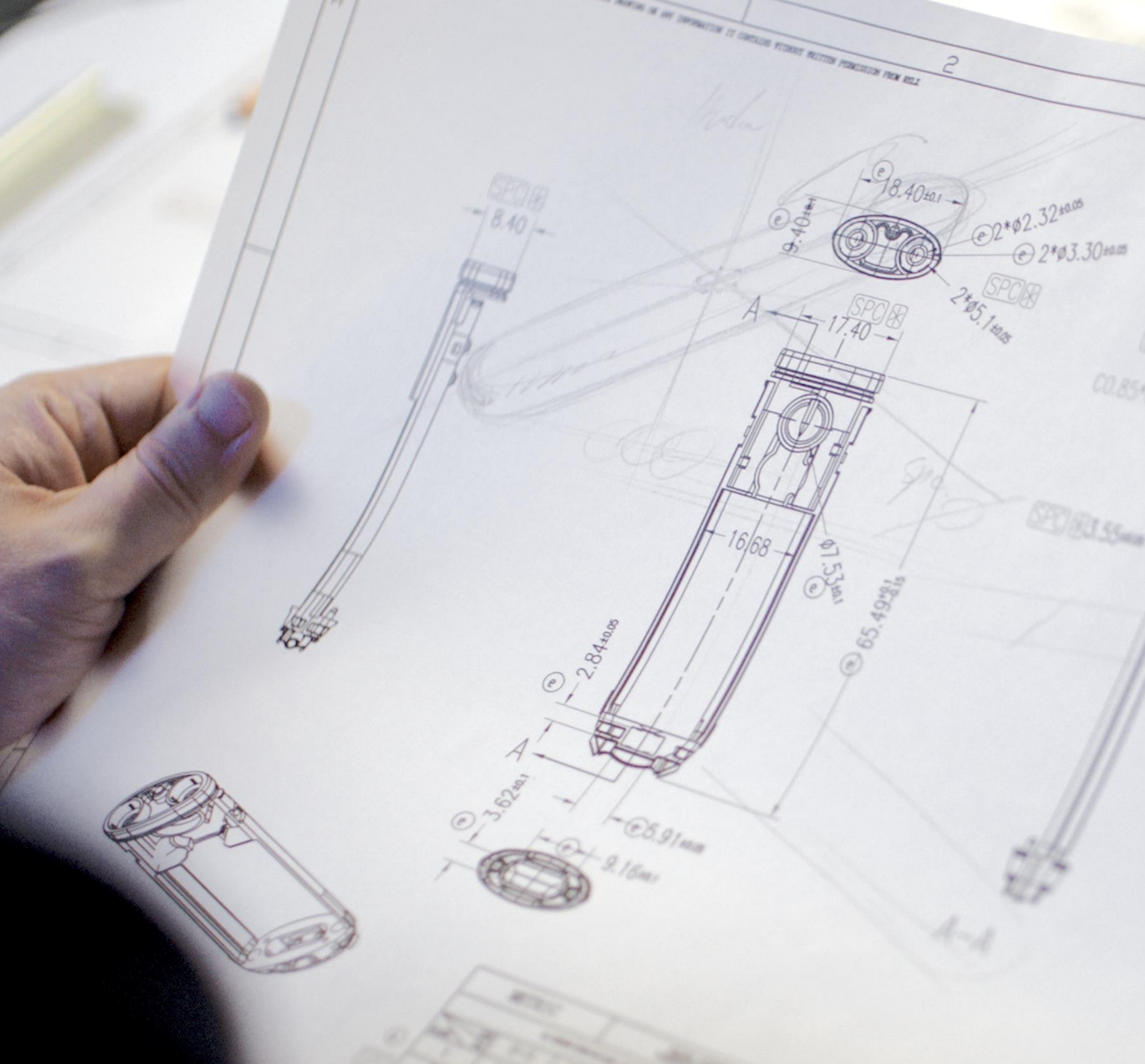
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This presentation contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such 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.

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



New Product Launch – “Yixiyun”

RELX



未成年人严禁使用

本产品含有尼古丁，尼古丁是一种令人上瘾的化学物质。未成年人、非吸烟者不应使用本产品。



“作为老烟民，
真希望一溪云不是等到现在才出来！”
还好遇见了它
“现在这个味道 才是我想要的。
我最喜欢就是客户电话来的时候，
先大力来几口。感觉是一种仪式感，
像是做好了准备了”
—— 龙哥 个体户老板 35岁

夜古巴 甜香

一溪云赏味师：
原香浓郁厚实，具有香醇的豆甜与可可香。

红吴苏 苔香

一溪云赏味师：
还原风靡江浙一带的经典中式口味，散发清净的苔香，饱满感十足。

蓝水芙 醇厚

一溪云赏味师：
本香粗旷浓郁，入口清透上扬。

青瓦阁 清雅

一溪云赏味师：
还原纯粹的“清”和“甜”，原香淡而不寡，清新透发回品余味干净。

金砂渡 醇和

一溪云赏味师：
头香飘逸烘烤香冲击鼻腔，浓醇而不失优雅。耐抽性好，为老烟民长期口粮之选。

紫星辰 蓝莓

一溪云赏味师：
经典的蓝莓爆珠香气，夹带丝丝花香与木香。尾调纯正的原香，淡雅而回味悠长。

金广甘 广柑

一溪云赏味师：
略带陈皮的柑香及恰到好处的烘烤原香。

黑玄冰 薄荷

一溪云赏味师：
源自美国的冰爆珠。入口清爽，夹带弗吉尼亚与白肋混合的风味。

New Product Launch – “RELX Stellar”

RELX



悦刻星河
RELX STELLAR

悦刻星河 革调系列

以革调，诠释格调

享受精雕细琢的过程 打造出“对得起身份”的品质

经历48小时高温
24小时化妆品接触
12小时汗存储及RCA摩擦等各项测试
经历岁月历练
保留独特格调

限量款

白昼星钻

75颗八面体切割仿水晶
高品质欧洲小牛皮
真皮包包一般的轻奢手感

限量款

鎏金岁月

绸缎感皮革材质
每个角度都光泽耀眼
举手投足间，稳重而不失灵动



霜粉



新绿




青蓝



秋棕




夜影




RELX
Corporate Social
Responsibility Report
2020-2021

Caring for More



RELX at a Glance

Economic Indicators




RELX invested **300 million RMB** in R&D in 2020.

RELX opened more than **10,000** stores in nearly 350 cities across China by the end of 2020.

By the end of 2020, RELX applied for **495** patents worldwide.

By the end of 2020, RELX's "Golden Shield Program" has assisted the police in solving **80** administrative and criminal cases of intellectual property rights infringement, seizing over **200,000** counterfeit products, and taking down more than **45,000** fake RELX accounts and links on major online platforms in China and abroad.

Environmental Indicators




In 2020, our exclusive production plant reduced its unit energy consumption of water, electricity, gas and other energy sources by more than **20%**.

In 2020, our exclusive production plant substantially reduced its production waste by **76%** from 2019.

In 2020, RELX reduced its emissions by more than **15** tons of carbon dioxide equivalents through reducing empty return loads in our logistical operations.

Social Indicators



RELX's intelligent protection system, "Sunflower System", which prevents minors from purchasing e-vapor products, has been activated in **ALL** RELX stores since June 2020.

As of June 2021, RELX has created more than **277,000** job positions upstream and downstream of the industry chain.

In 2020, RELX donated a total of **22.1 million RMB** worth of funds and supplies to disaster relief and biodiversity causes, etc.

The percentage of females in managerial positions at RELX has risen from **21%** in 2019 to **33%** at the end of 2020.

In 2020, **98.4%** of employees participated in online and offline training at RELX, clocking over **6,500** hours of training in total and **9.3** hours of training per employee.

In 2020, the RELX customer service platform served more than **1,360,000** people, with a **99%** problem resolution rate and **99.5%** customer service satisfaction rate.

In 2020, RELX held more than **350** online and offline training sessions for distributors and store owners, involving a total of over **60,000** participants.

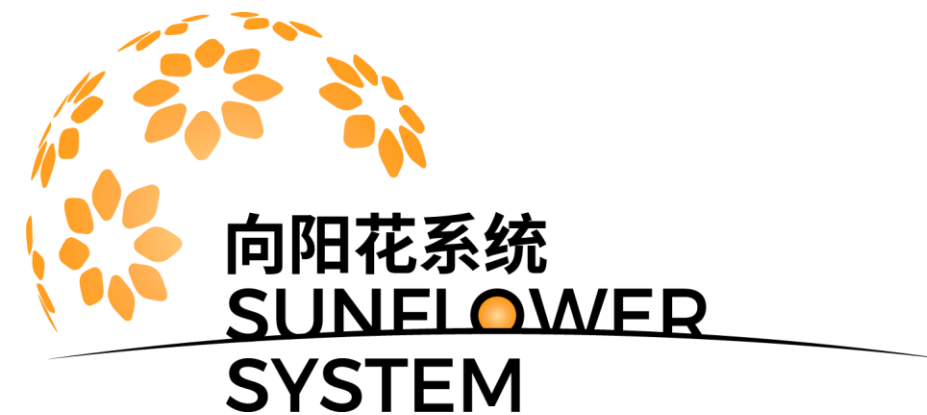
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Sunflower System 3.0

RELX



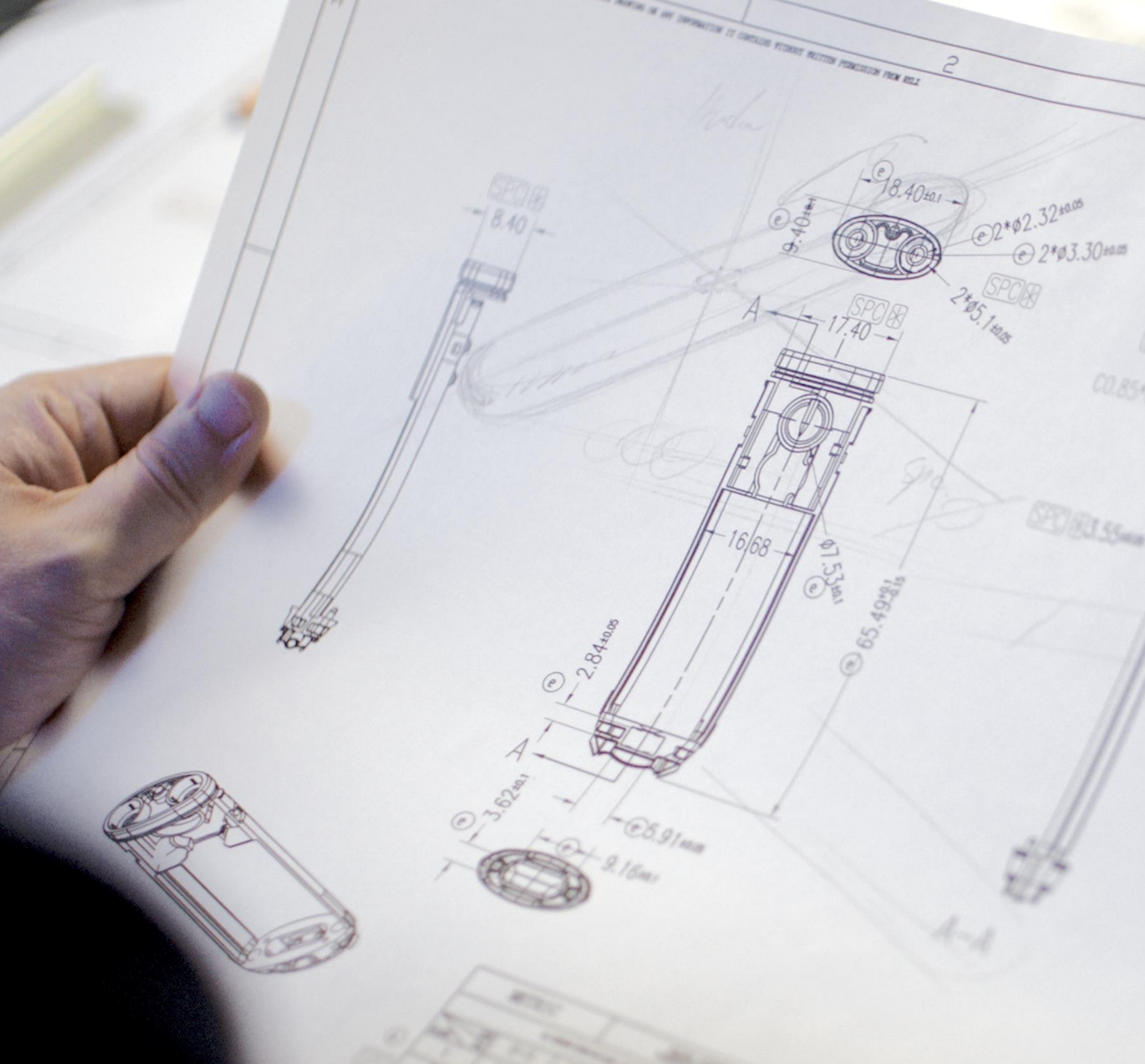
- Age verification was performed in-store using a tablet



- “One code for each **store**”
- **100% coverage** of RELX branded partner stores
- Users were required to scan the QR code in the store to complete age verification

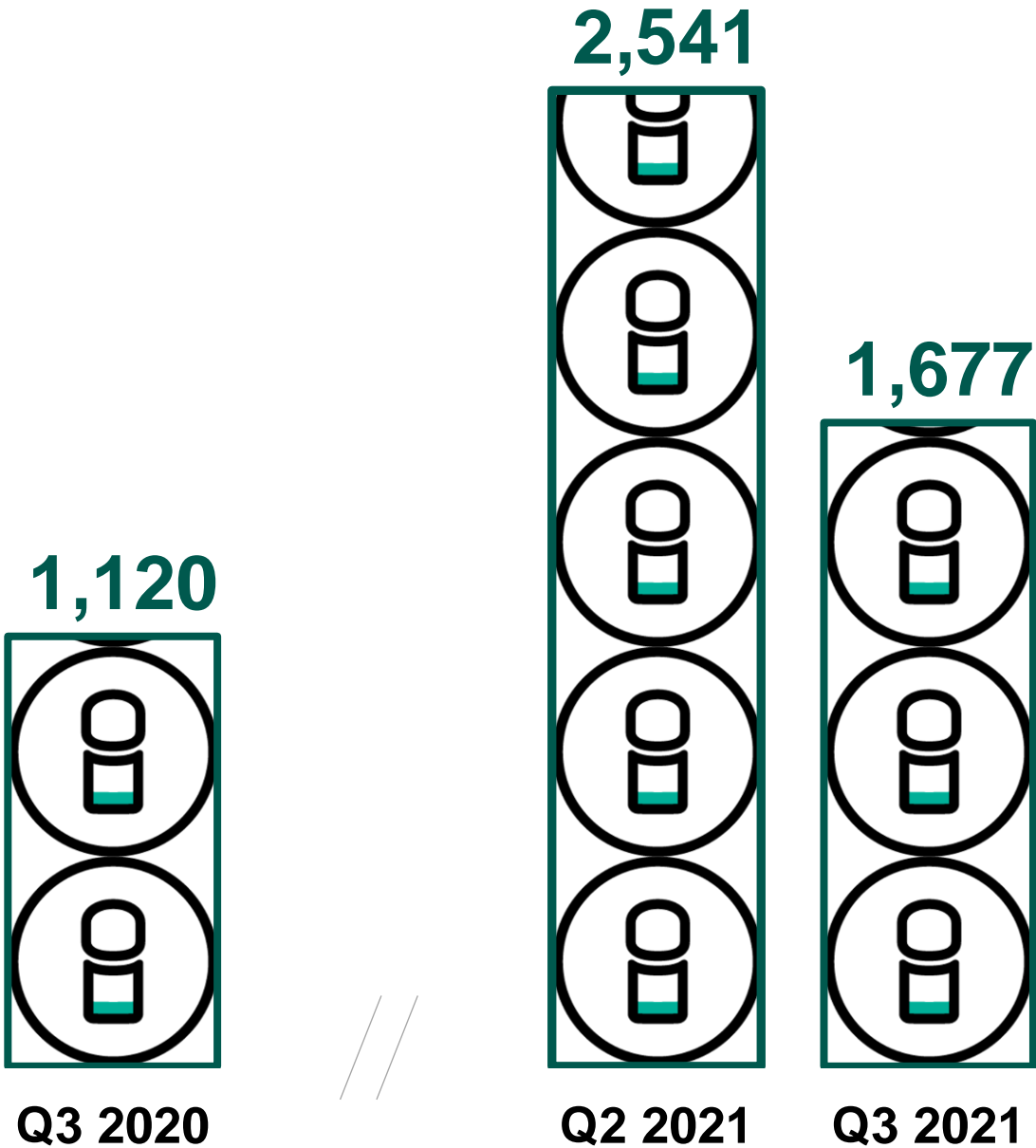
- “One code for each **order**”
- Makes age verification **mandatory**
- Users are required to verify their age before they can complete their purchase

FINANCIAL HIGHLIGHTS

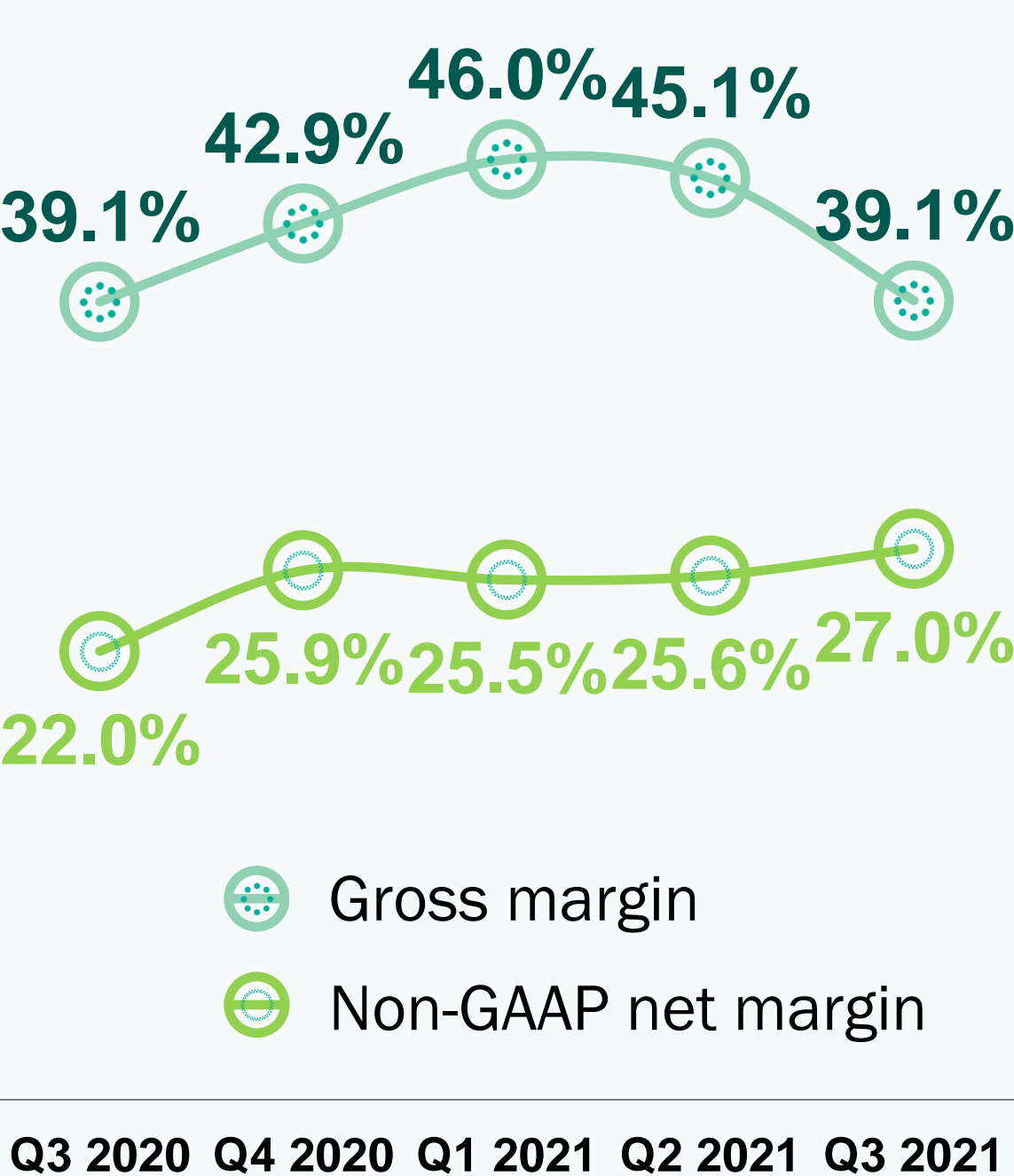


Net Revenues

RMB millions

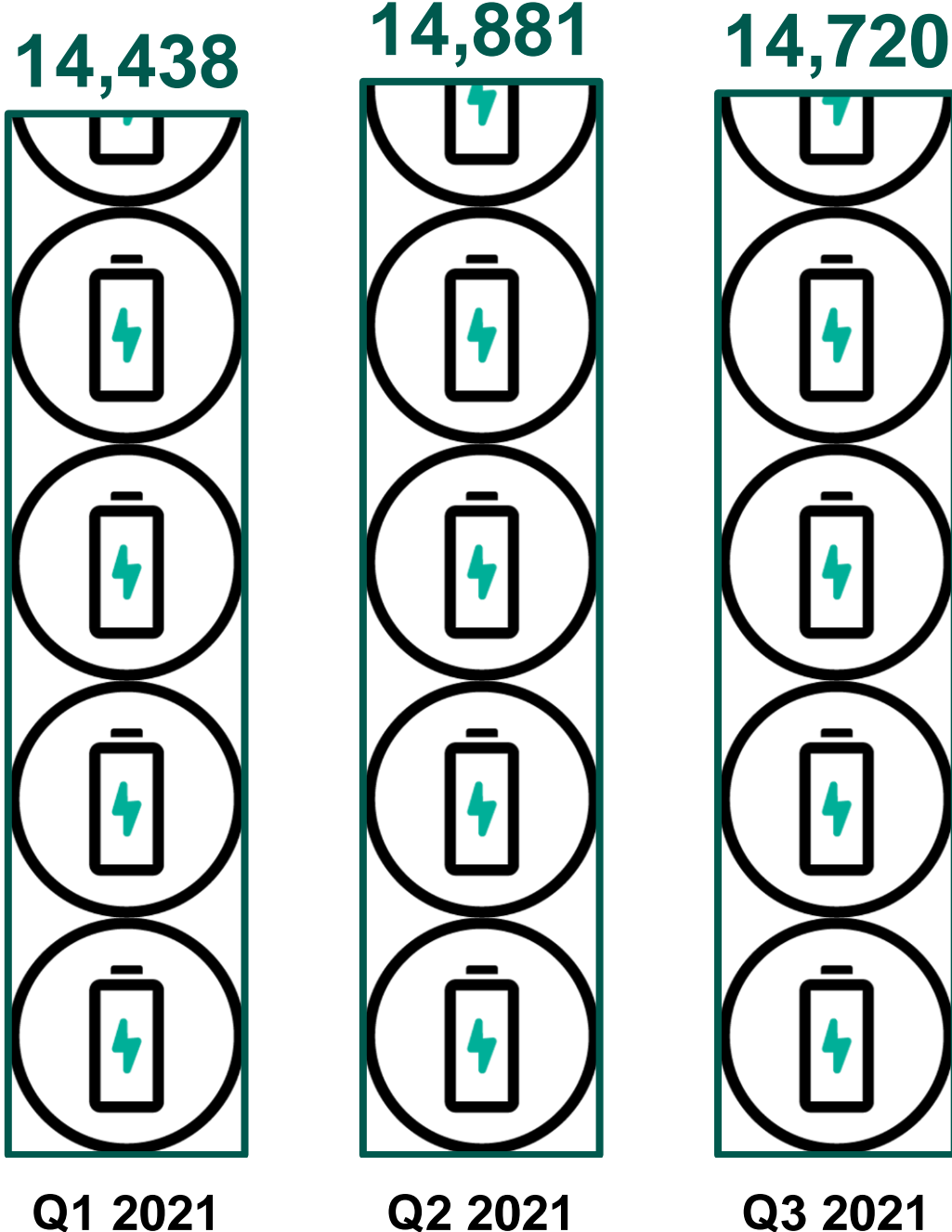


Profitability



Capital Resources

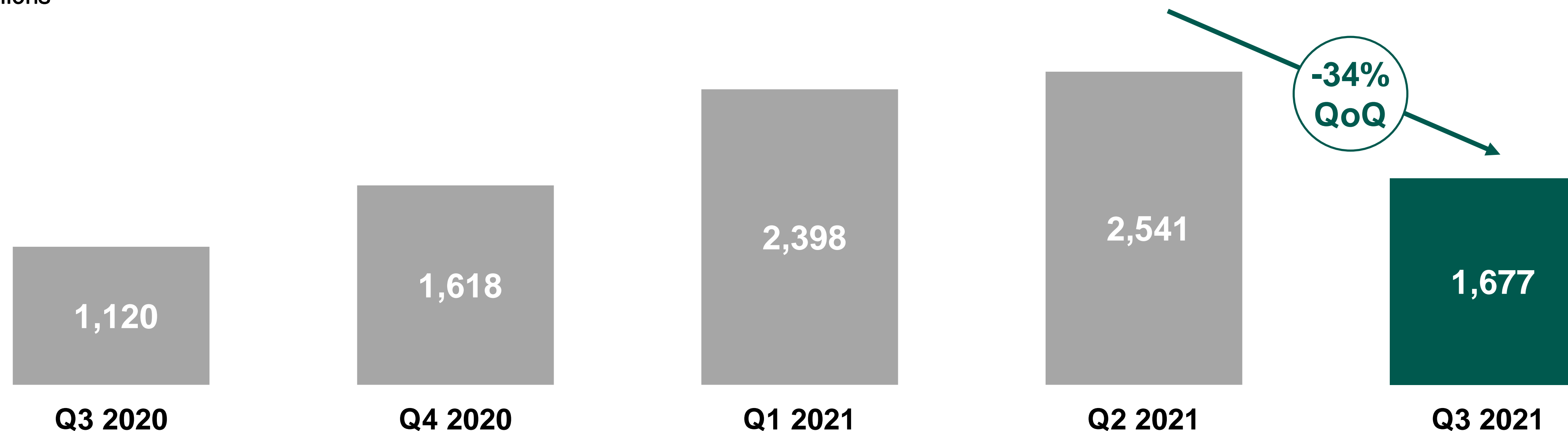
RMB millions



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 Quarters

RMB millions

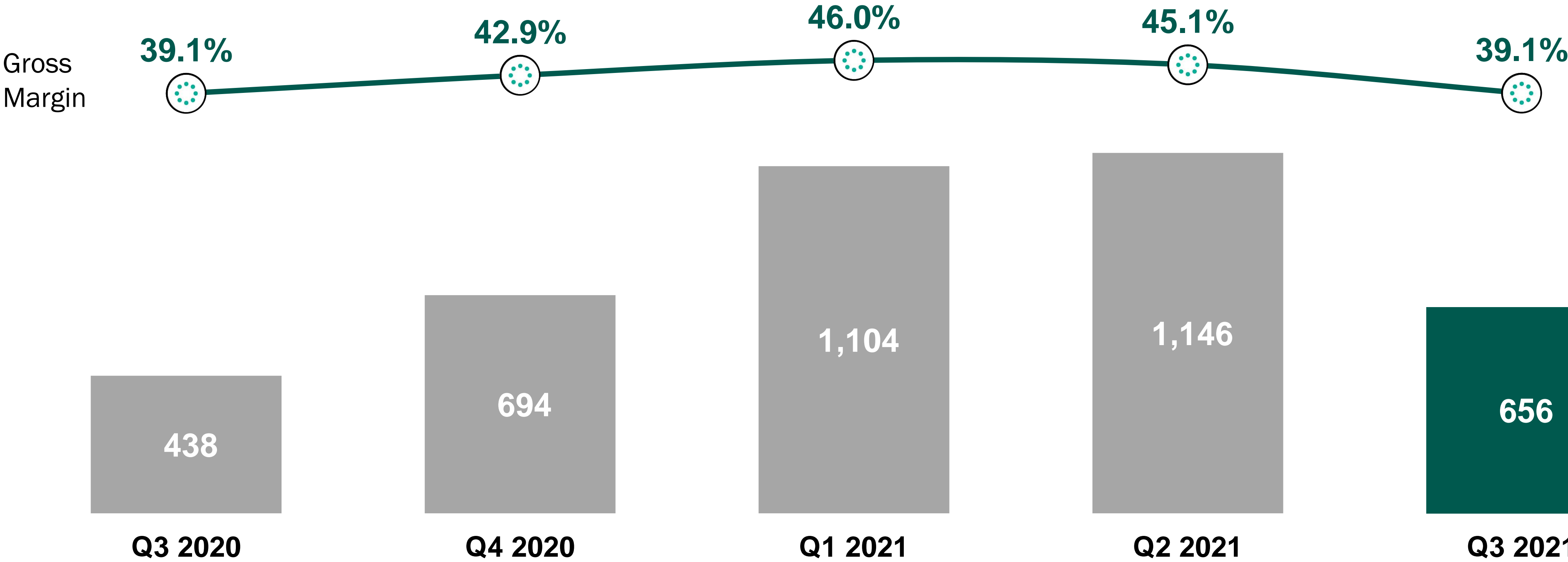


The decrease in quarterly revenue was primarily due to:

- Negative publicity on the e-vapor industry since the latter half of the second quarter
- The fact that the draft new rules announced on March 22, 2021 had not been formally confirmed in the third quarter
- Evolving COVID-19 restrictions in response to outbreaks in China, which had an adverse impact on our sales and channel inventory management

Gross Profit and Margin

RMB millions



Gross Margin Waterfall Analysis



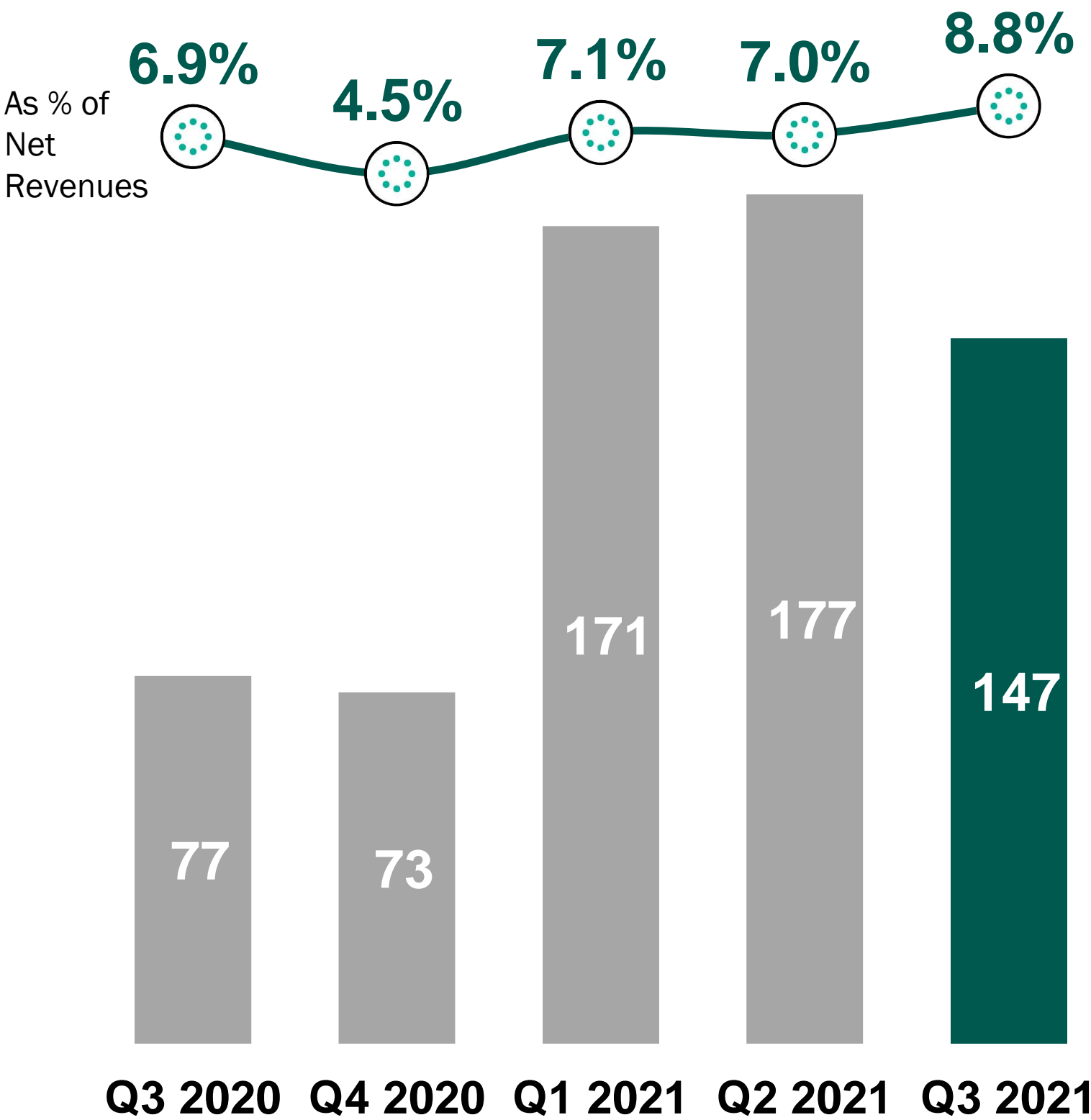
Gross margin compression mainly attributable to:

- An increase in direct cost related to promotional activities
- An increase in inventory provision

Operating Expense Trend

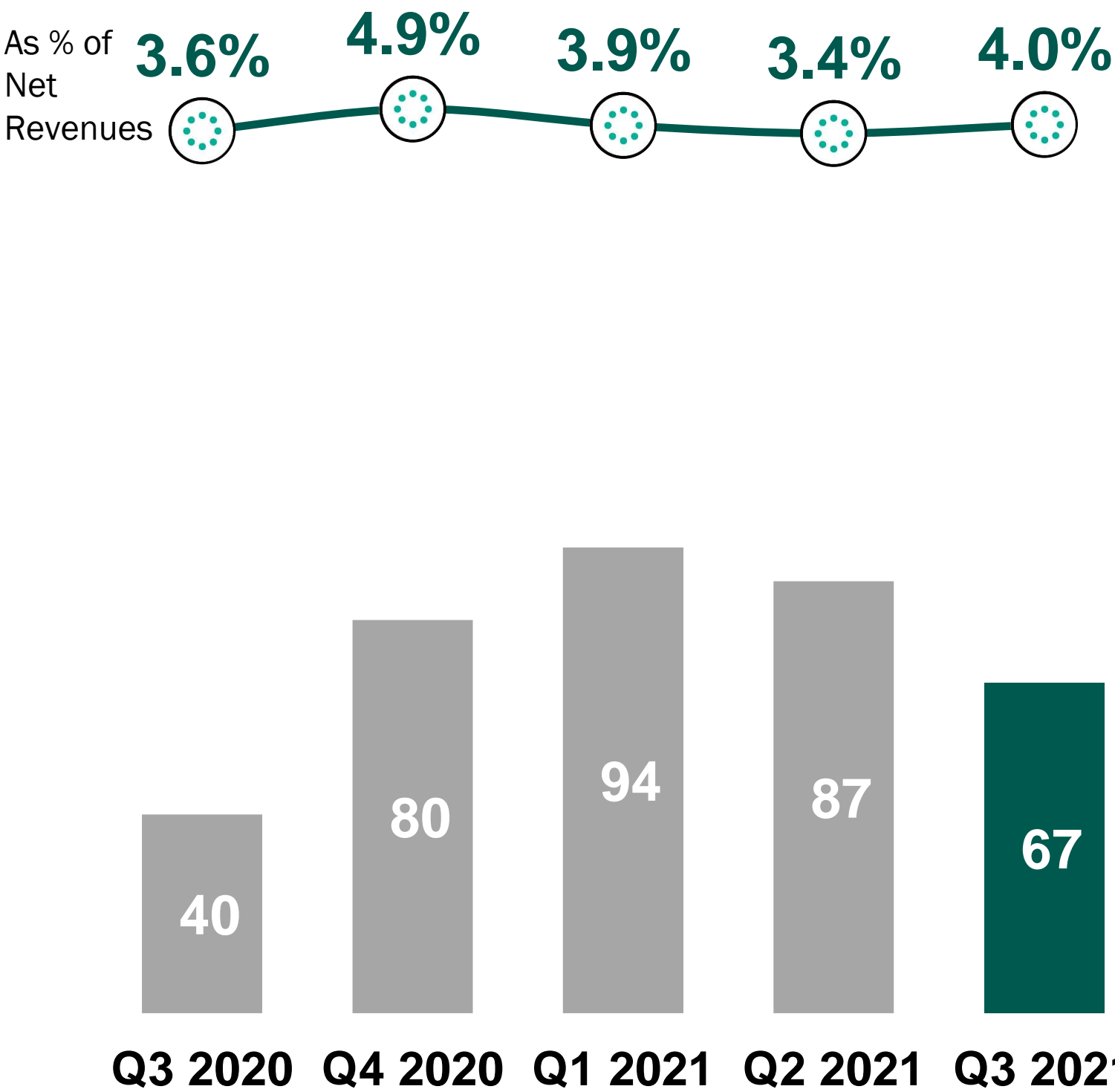
Non-GAAP Selling Expenses

RMB millions



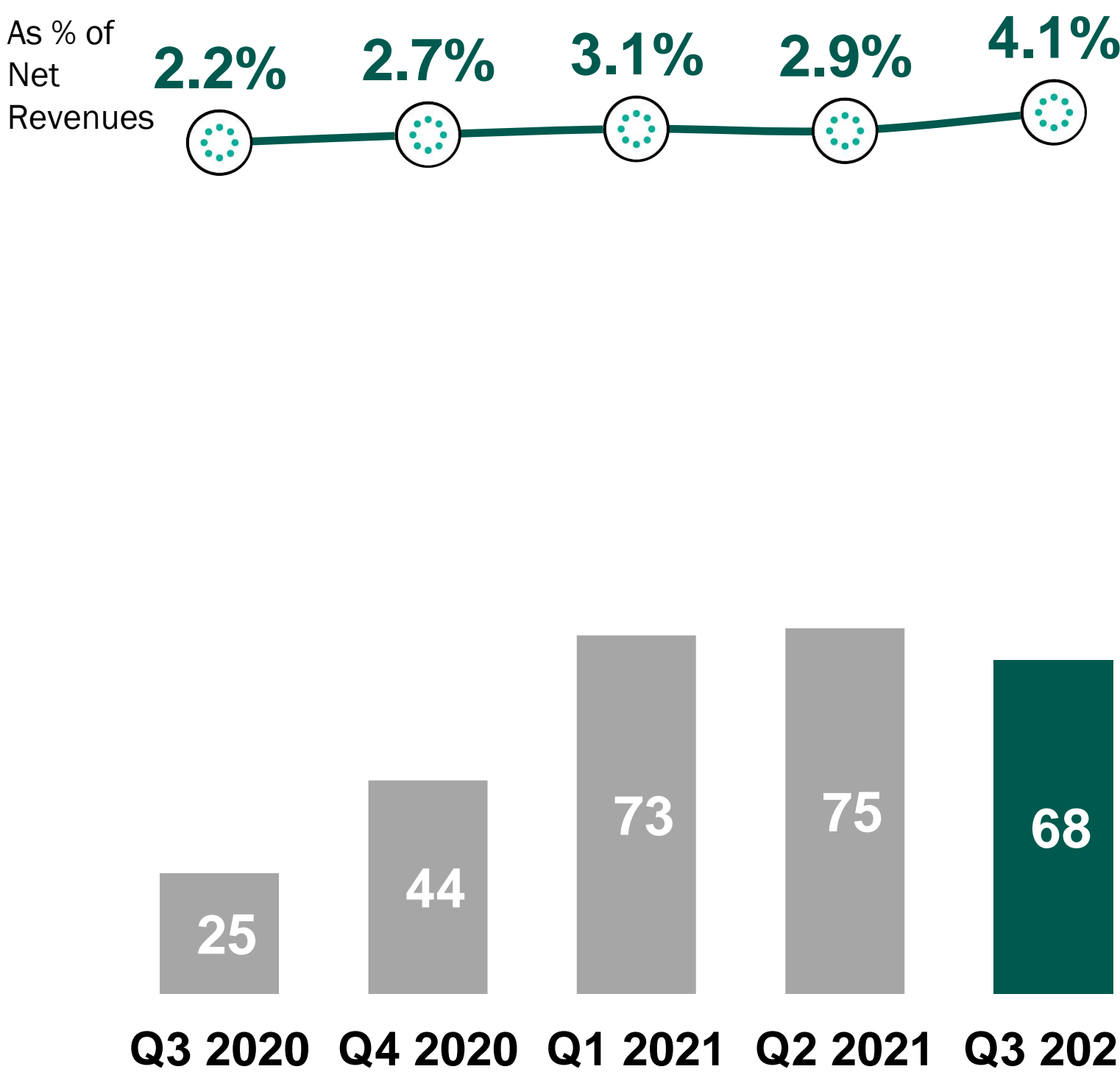
Non-GAAP General and Administrative Expenses

RMB millions



Non-GAAP Research and Development Expenses

RMB millions



Note: excluding share-based compensation expenses

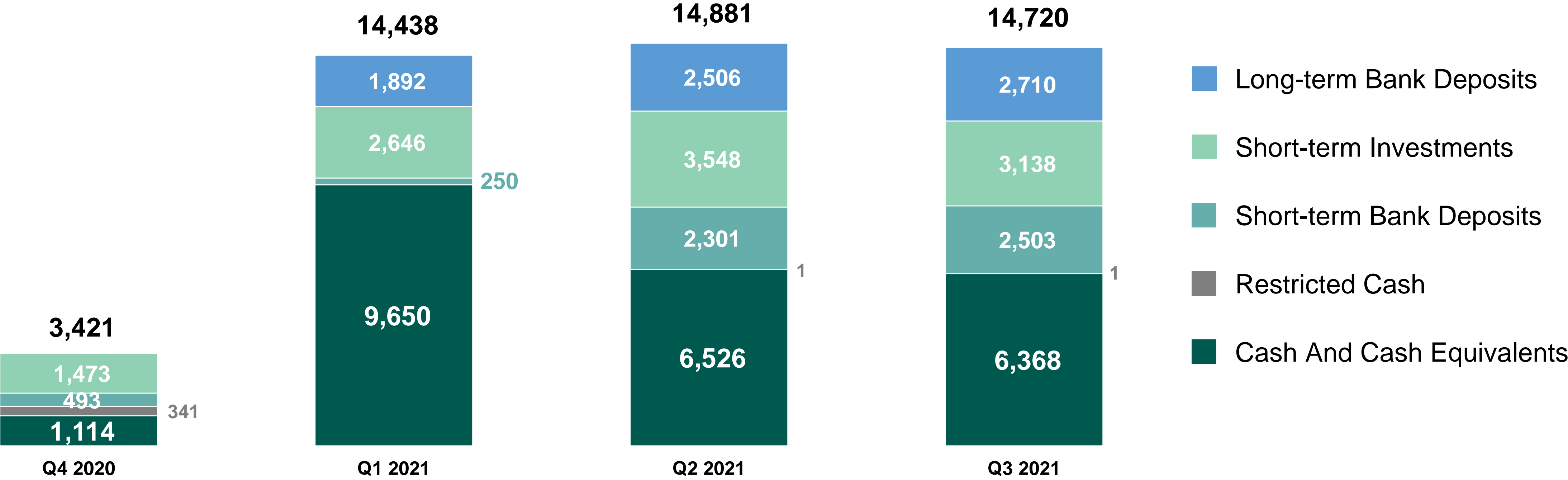
GAAP to Non-GAAP Net Income Reconciliation



(In RMB thousands)	For the Three Months Ended		
	Sep 30, 2020	Jun 30, 2021	Sep 30, 2021
Net Income	7,834	824,304	976,435
Add: Share-based Compensation Expenses			
Selling Expenses	9,760	(51,473)	(90,768)
General And Administrative Expenses	214,572	(41,404)	(320,126)
Research And Development Expenses	13,834	(79,666)	(112,847)
Non-GAAP Net Income	246,000	651,761	452,694
Non-GAAP NPM (%)	22.0%	25.6%	27.0%
Net Income Attributable To RLX Technology Inc.	7,834	824,304	973,915
Add: Share-based Compensation Expenses	238,166	(172,543)	(523,741)
Non-GAAP Net Income Attributable To RLX Technology Inc.	246,000	651,761	450,174
Non-GAAP Net Income Per Ordinary Share/ADS			
- Basic	0.171	0.470	0.334
- Diluted	0.171	0.467	0.332
Weighted Average Number Of Ordinary Shares/ADSs			
- Basic	1,436,815,570	1,385,410,036	1,345,928,878
- Diluted	1,436,815,570	1,394,565,595	1,357,908,401

Capital Resources

RMB millions



Income Statements



(In RMB thousands)	For the Three Months Ended		
	Sep 30, 2020	Jun 30, 2021	Sep 30, 2021
Net Revenues	1,120,159	2,541,402	1,676,723
Cost of Revenues	(682,617)	(1,394,916)	(1,020,753)
Gross Profit	437,542	1,146,486	655,970
Operating Expenses:			
Selling Expenses	(86,650)	(126,005)	(56,525)
General And Administrative Expenses	(254,815)	(46,056)	253,231
Research And Development Expenses	(38,546)	4,911	44,607
Total Operating Expenses	(380,011)	(167,150)	241,313
Income From Operations	57,531	979,336	897,283
Other Income:			
Interest Income, net	11,242	16,069	22,633
Investment Income	5,842	23,868	27,463
Others, net	10,507	9,185	150,498
Income Before Income Tax	85,122	1,028,458	1,097,877
Income Tax Expense	(77,288)	(204,154)	(121,442)
Net Income	7,834	824,304	976,435
Less: Net Income Attributable To Noncontrolling Interests	-	-	2,520
Net Income Attributable To RLX Technology Inc.	7,834	824,304	973,915
Other Comprehensive (Loss)/Income:			
Foreign Currency Translation Adjustments	(357)	(184,772)	41,911
Total Other Comprehensive (Loss)/Income	(357)	(184,772)	41,911
Total Comprehensive Income	7,477	639,532	1,018,346
Less: Total Comprehensive Income Attributable To Noncontrolling Interests	-	-	2,520
Total Comprehensive Income Attributable To RLX Technology Inc.	7,477	639,532	1,015,826

Balance Sheets

(In RMB thousands)

	As of	
	Dec 31, 2020	Sep 30, 2021
ASSETS		
Current Assets		
Cash And Cash Equivalents	1,113,988	6,368,034
Restricted Cash	340,813	500
Short-Term Bank Deposits	493,282	2,503,153
Receivables From Online Payment Platforms	862	1,923
Short-Term Investments	1,473,349	3,138,215
Accounts And Notes Receivable	20,089	6,984
Inventories, net	329,123	622,990
Amounts Due From Related Parties	21,006	21,382
Prepayments And Other Current Assets	74,383	372,198
Total Current Assets	3,866,895	13,035,379
Non-Current Assets		
Property, Equipment And Leasehold Improvement, net	74,500	143,879
Intangible Assets, net	5,393	8,533
Long-Term Investments	4,000	12,000
Deferred Tax Assets	6,000	815
Right-of-Use Assets, net	91,743	195,493
Long-Term Bank Deposits	-	2,710,378
Other Non-Current Assets	11,354	38,074
Total Non-Current Assets	192,990	3,109,172
Total Assets	4,059,885	16,144,551
Cash And Cash Equivalents	1,113,988	6,368,034
Restricted Cash	340,813	500
Short-Term Bank Deposits	493,282	2,503,153
Short-Term Investments	1,473,349	3,138,215
Long-Term Bank Deposits	-	2,710,378
Total Cash And Cash Equivalents	3,421,432	14,720,280

Balance Sheets (Cont'd)



(In RMB thousands)

	As of	
	Dec 31, 2020	Sep 30, 2021
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts And Notes Payable	1,459,782	1,449,385
Contract Liabilities	320,434	115,956
Salary And Welfare Benefits Payable	179,558	341,094
Taxes Payable	363,644	480,648
Accrued Expenses And Other Current Liabilities	116,929	259,554
Amounts Due To Related Parties	11,174	-
Lease Liabilities - Current Portion	45,073	79,837
Total Current Liabilities	2,496,594	2,726,474
Non-Current Liabilities		
Deferred Tax Liabilities	5,210	5,210
Lease Liabilities - Non-Current Portion	49,448	121,284
Total Non-Current Liabilities	54,658	126,494
Total Liabilities	2,551,252	2,852,968
Shareholders' Equity:		
Ordinary Shares	94	103
Additional Paid In Capital	1,589,857	11,806,405
Statutory Reserves	1,000	1,000
Accumulated (Deficit)/ Retained Earnings	(81,640)	1,449,183
Accumulated Other Comprehensive (Loss)/Income	(678)	31,984
Total RLX Technology Inc. shareholders' Equity	1,508,633	13,288,675
Noncontrolling Interests	-	2,908
Total Shareholders' Equity	1,508,633	13,291,583
Total Liabilities And Shareholders' Equity	4,059,885	16,144,551

Statements of Cash Flows



(In RMB thousands)

	For the Three Months Ended		
	Sep 30, 2020	Jun 30, 2021	Sep 30, 2021
Net Cash Generated From/(Used In) Operating Activities	798,828	649,441	(142,852)
Net Cash Used In Investing Activities	(746,205)	(3,620,360)	(38,534)
Net Cash Generated From/(Used In) Financing Activities	324,272	(6,174)	389
Effect Of Foreign Exchange Rate Changes On Cash, Cash Equivalents And Restricted Cash	15,915	(146,515)	23,372
Net Increase/(Decrease) In Cash And Cash Equivalents And Restricted Cash	392,810	(3,123,608)	(157,625)
Cash, Cash Equivalents And Restricted Cash At The Beginning of The Period	153,691	9,649,767	6,526,159
Cash, Cash Equivalents And Restricted Cash At The End of The Period	546,501	6,526,159	6,368,534

RLX TECHNOLOGY INC.

Earnings Presentation Q3 2021