

RLX TECHNOLOGY INC.

Earnings Presentation Q4 2021

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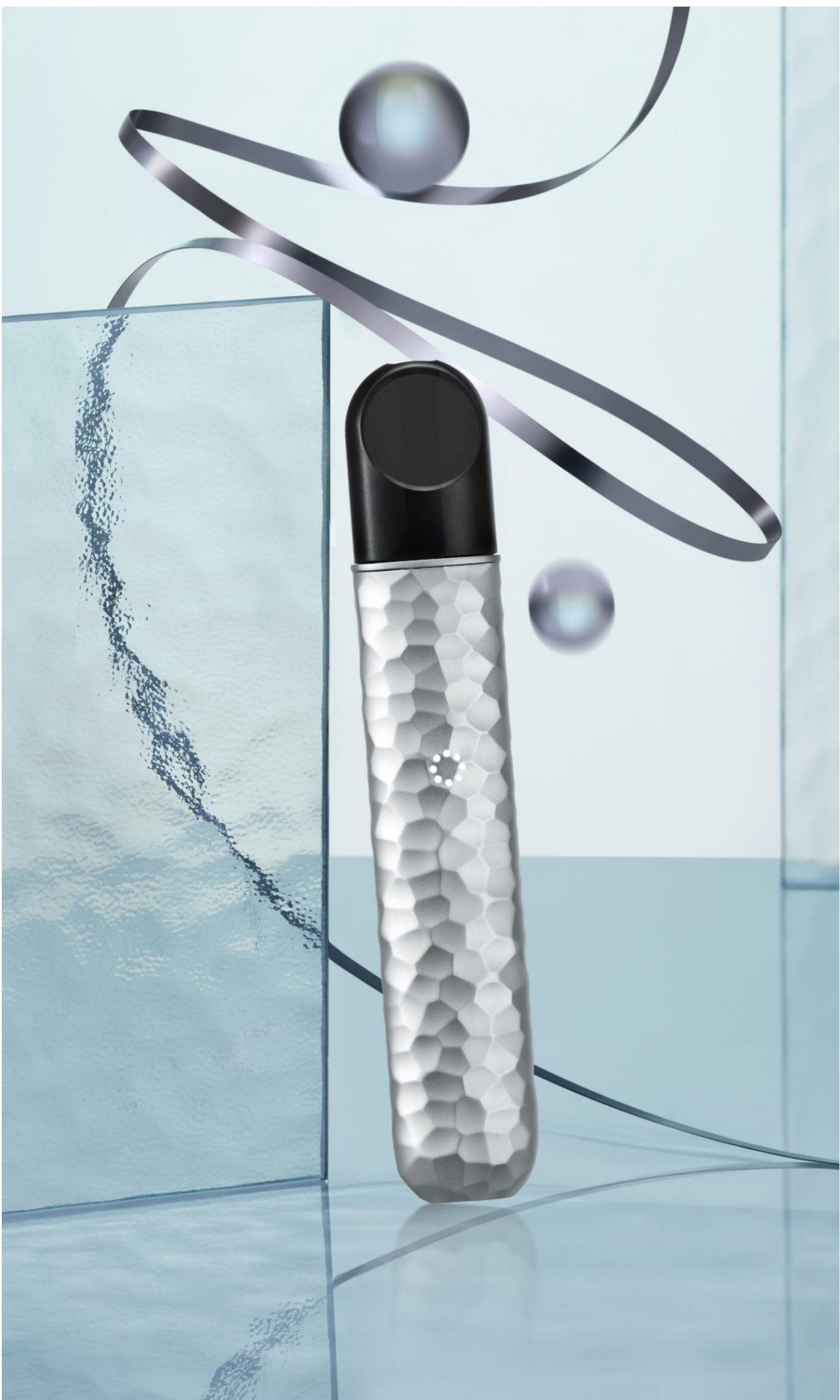
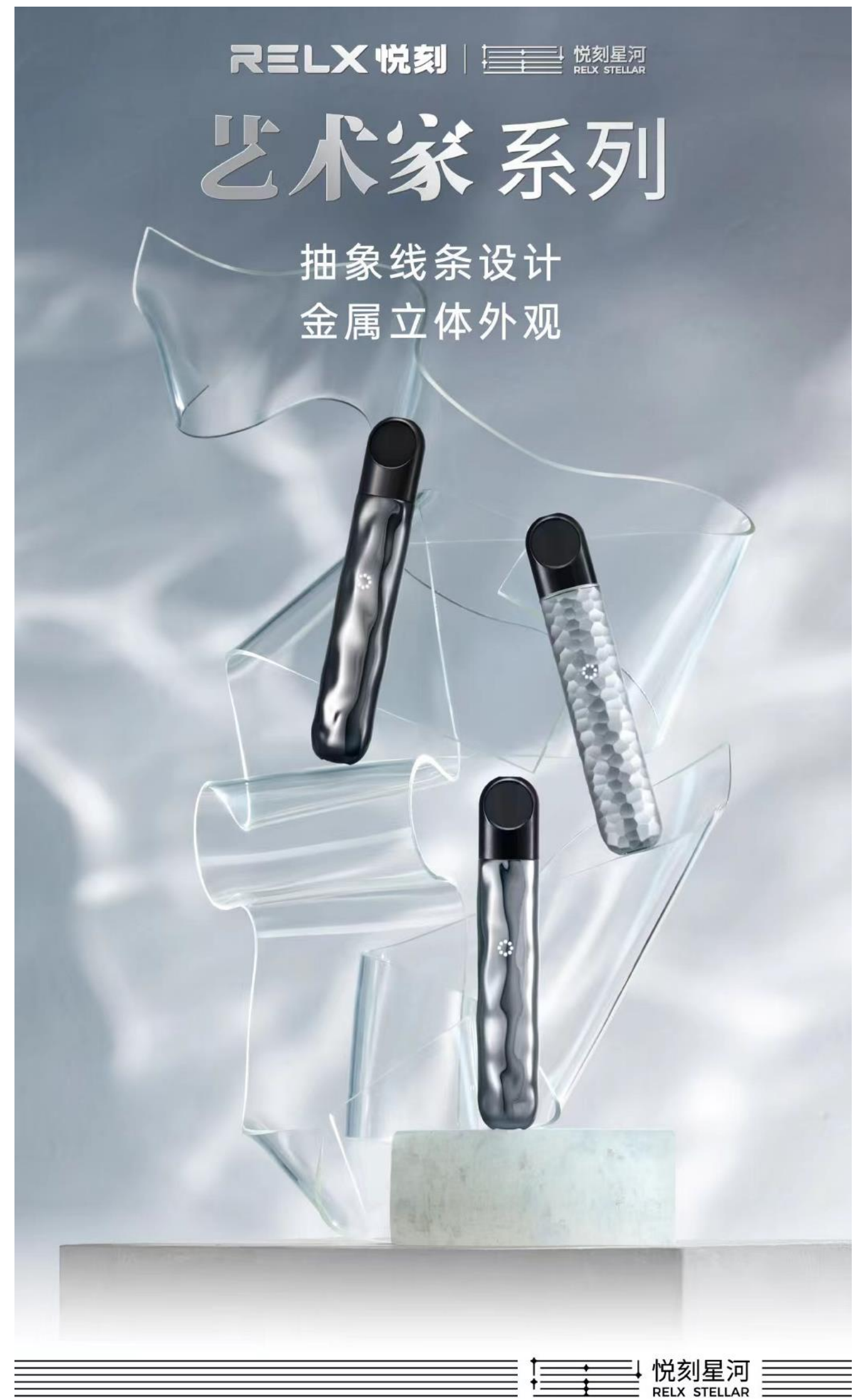
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OPERATIONAL HIGHLIGHTS



New Product Launch – “Stellar”

RELX



New Product Launch – “Xiao Jin Zhi”

RELX

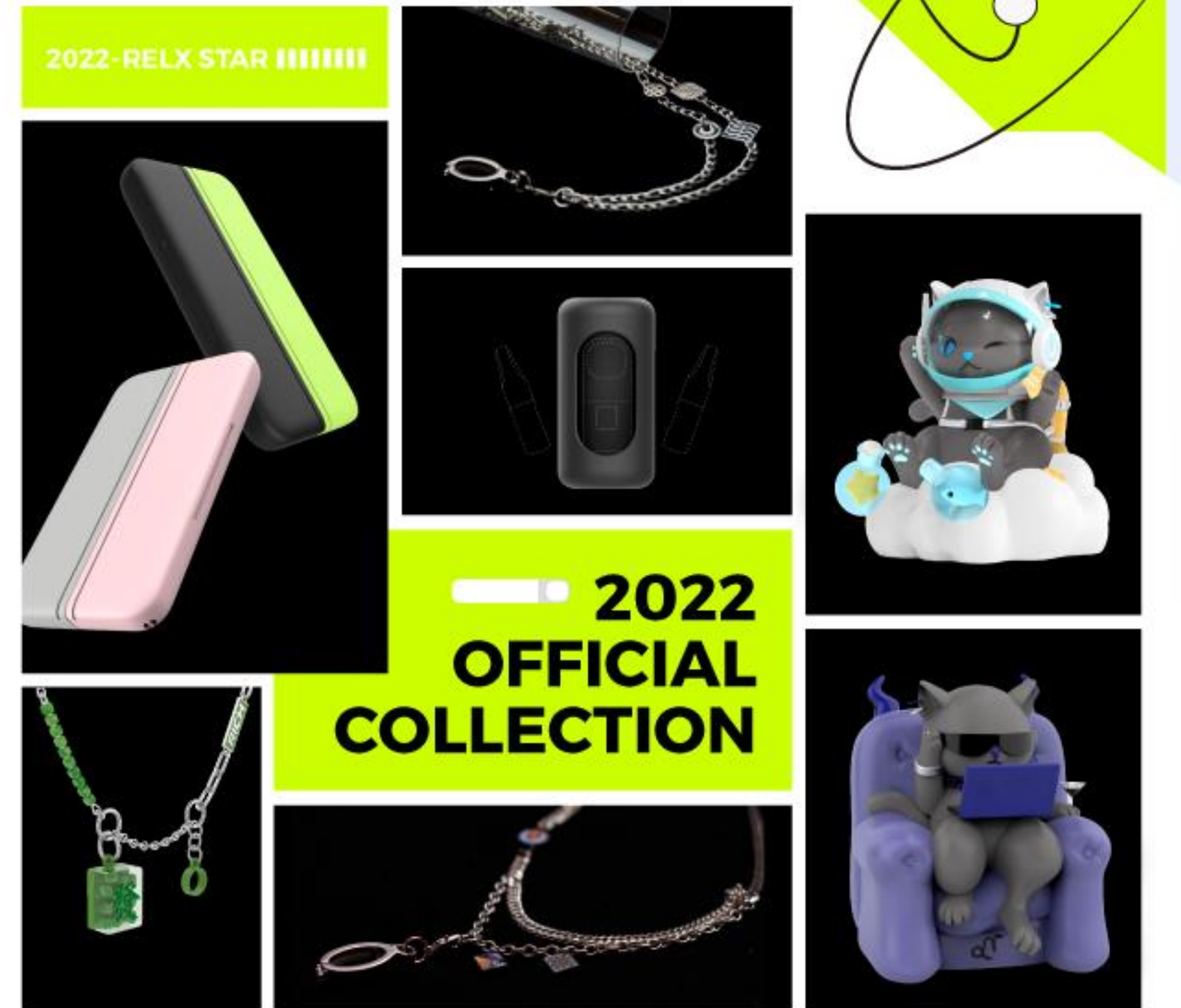
4款口味 真香登场

小金支系列



New Product Launch – Accessories

RELX



Cartridges Recycling Program

Between Sep 28th and Dec 31st, 2021

-  **11,988** cartridges were collected 
-  **2,784** outlets participated in the project 
-  **52** members recycled >201 cartridges per person 



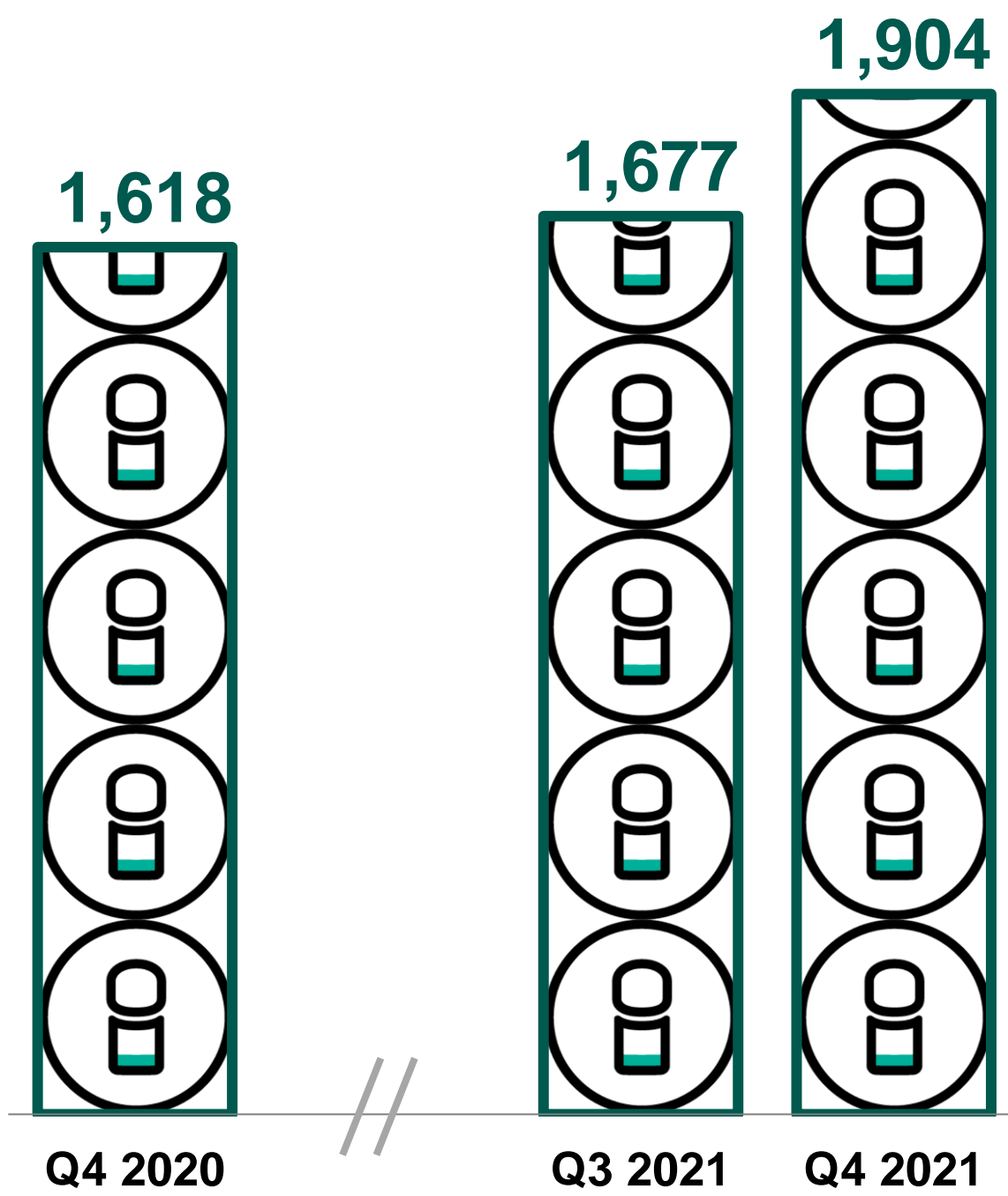
FINANCIAL HIGHLIGHTS



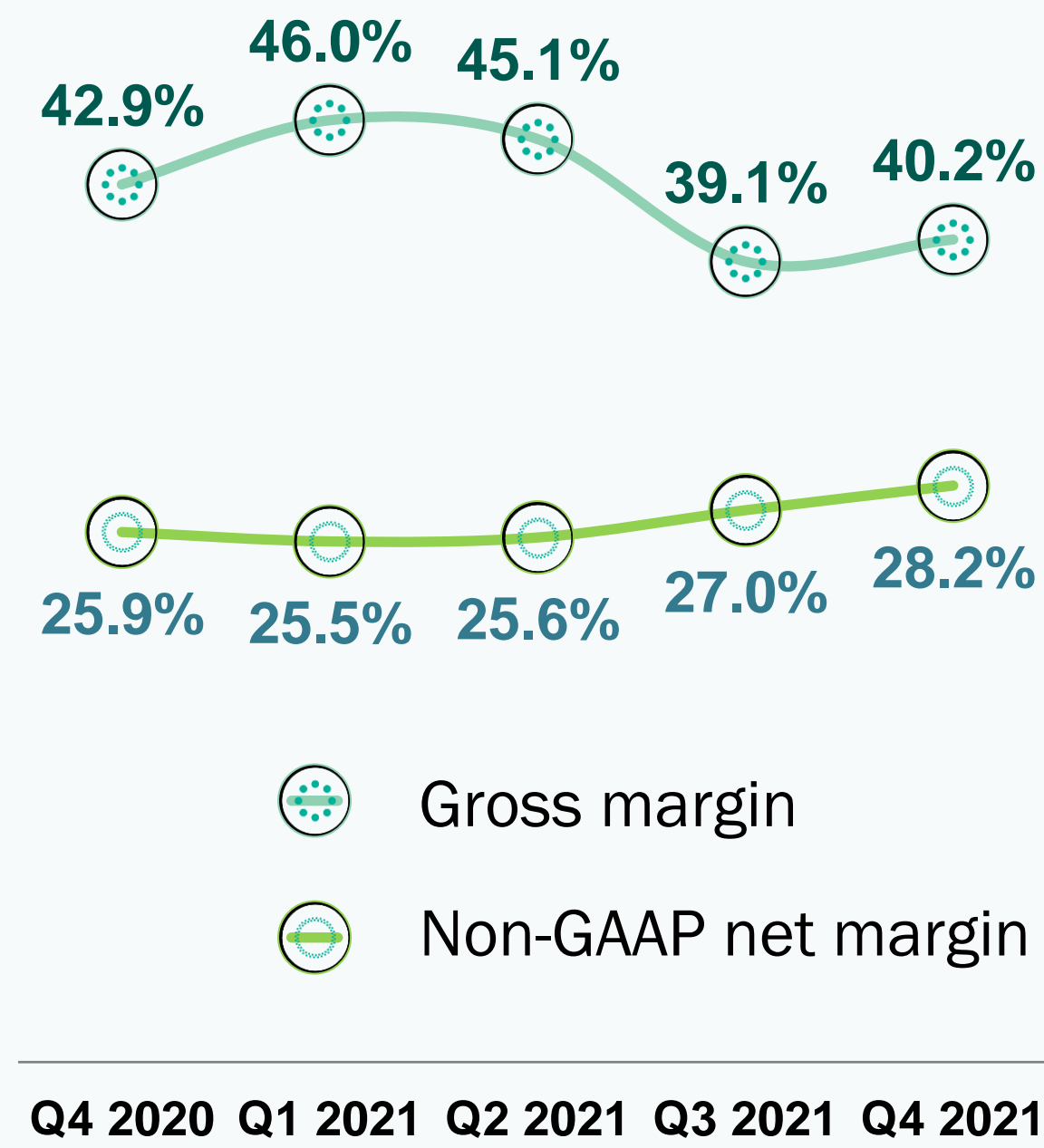
Q4 2021 Financial Highlights

Net Revenues

RMB millions

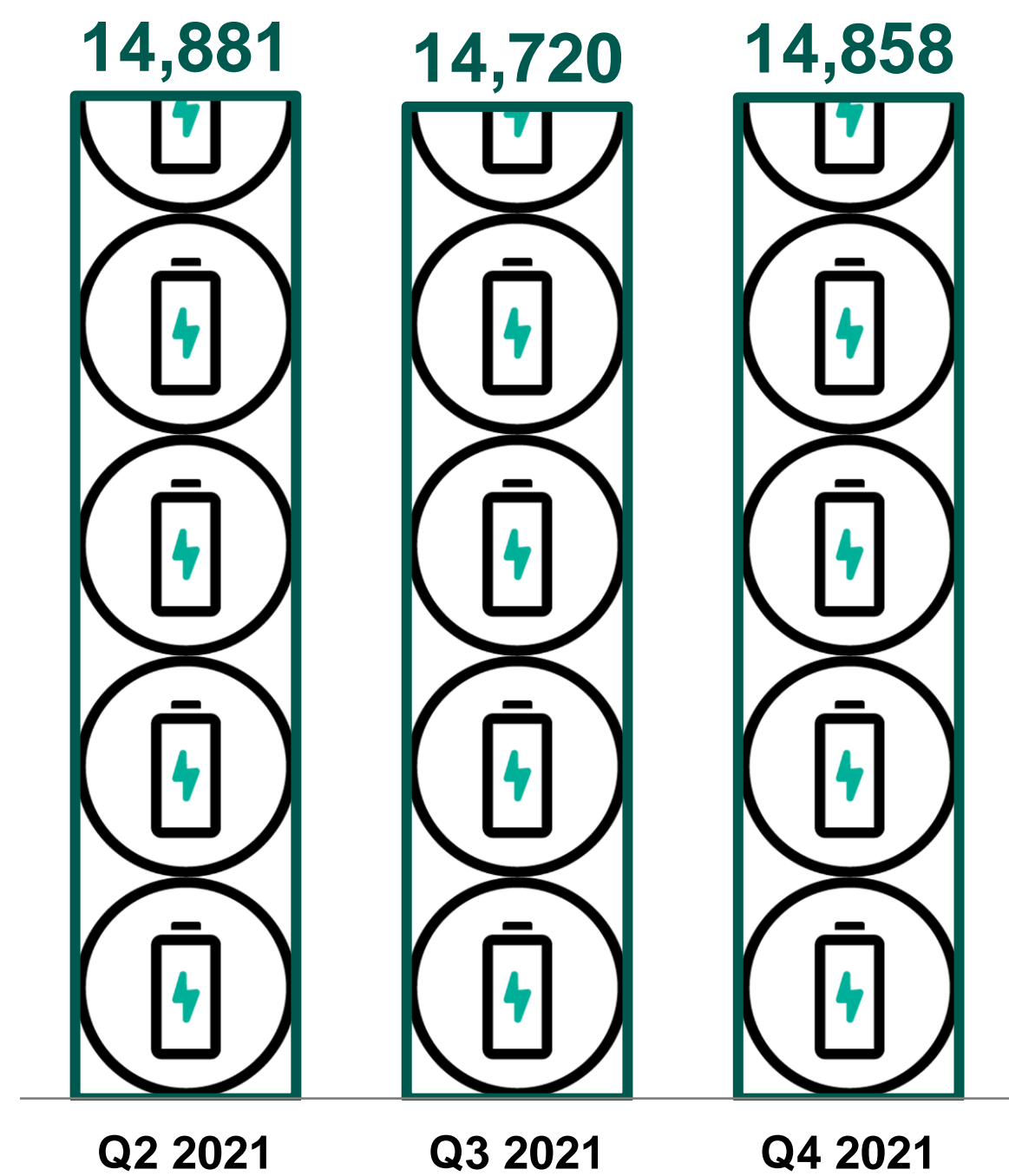


Profitability



Capital Resources

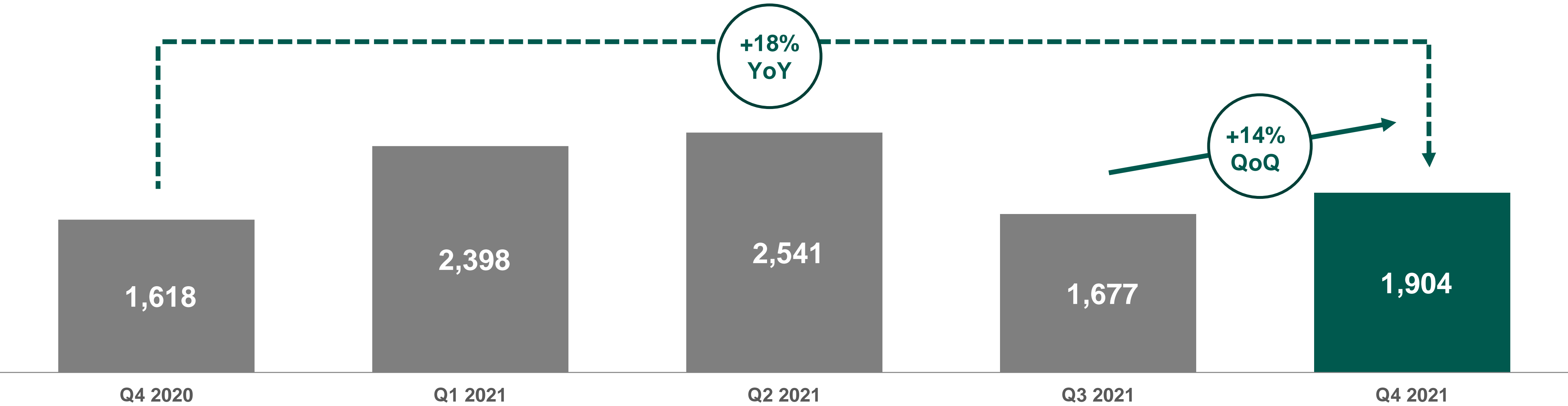
RMB millions



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



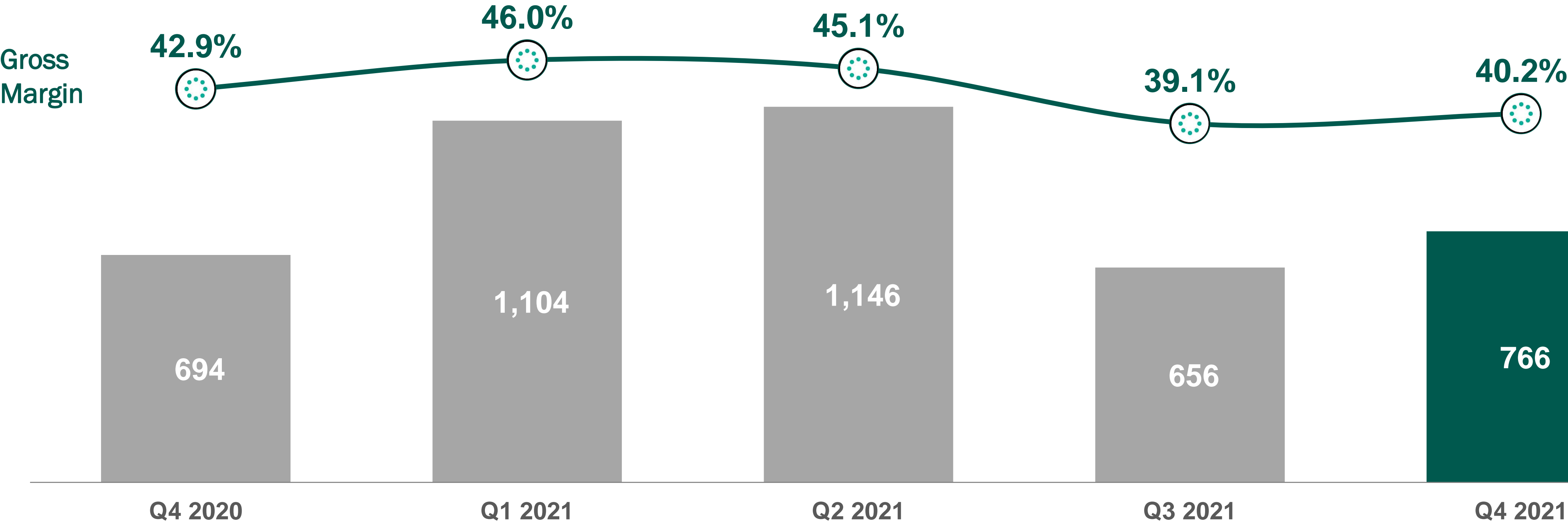
The increase in quarterly revenue was primarily due to:

- Optimization of our distribution and retail channel network
- Diversification of our product portfolio

Gross Profit and Gross Margin

Gross Profit and Gross Margin

RMB millions



Gross Margin Waterfall Analysis



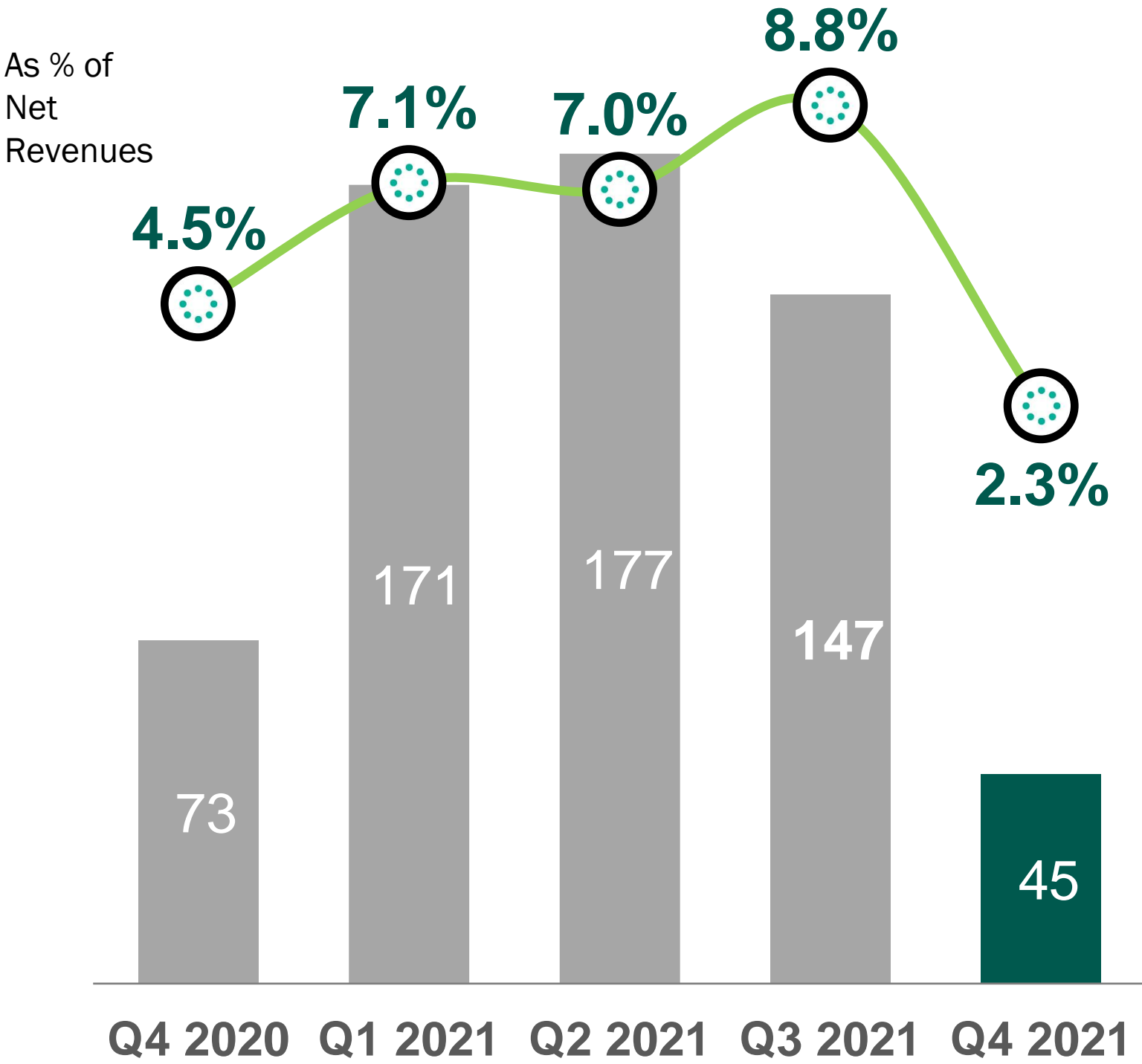
Gross margin expansion mainly attributable to:

- A decrease in direct cost related to promotional activities

Operating Expense Trend

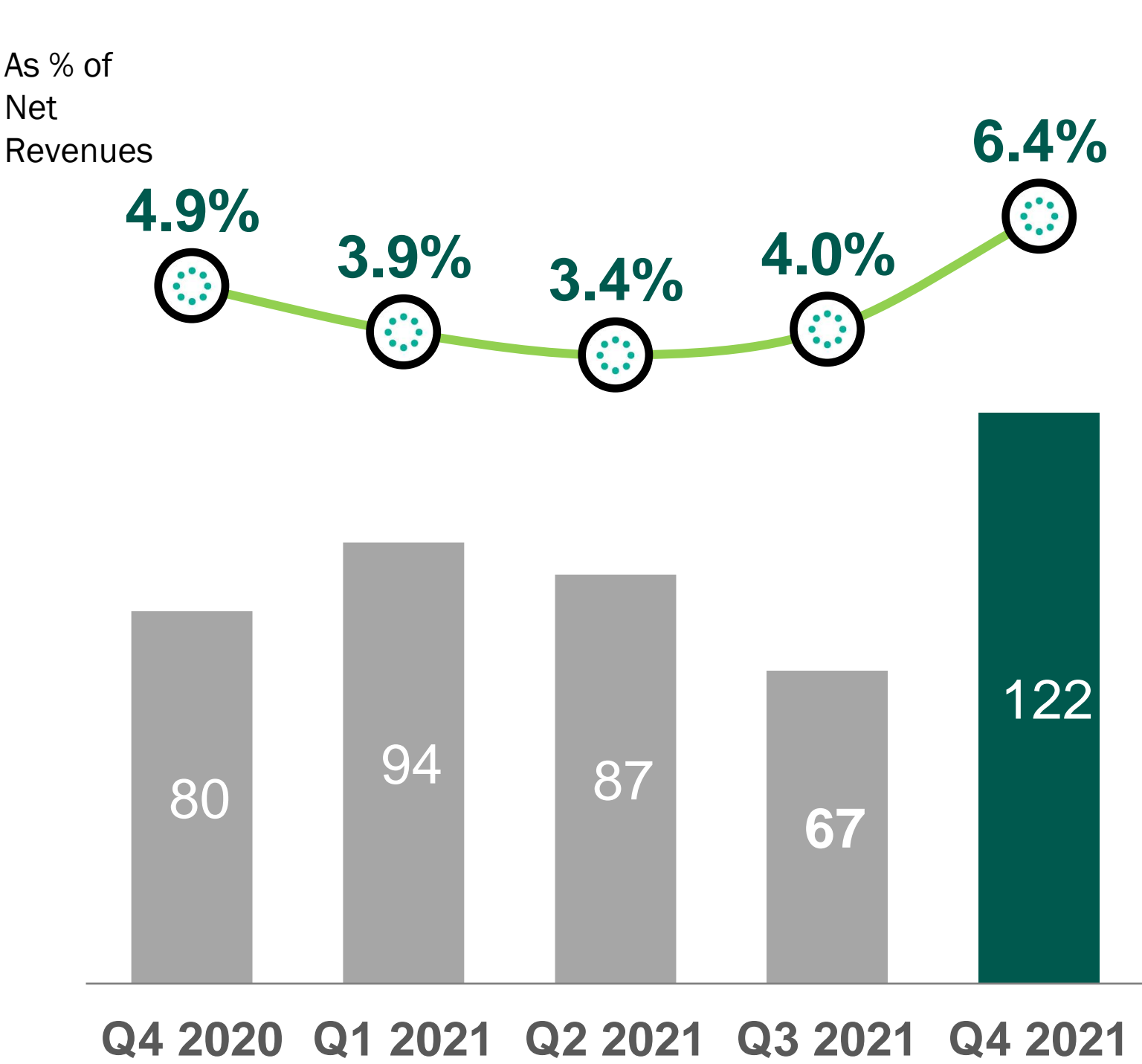
Non-GAAP Selling Expenses

RMB millions



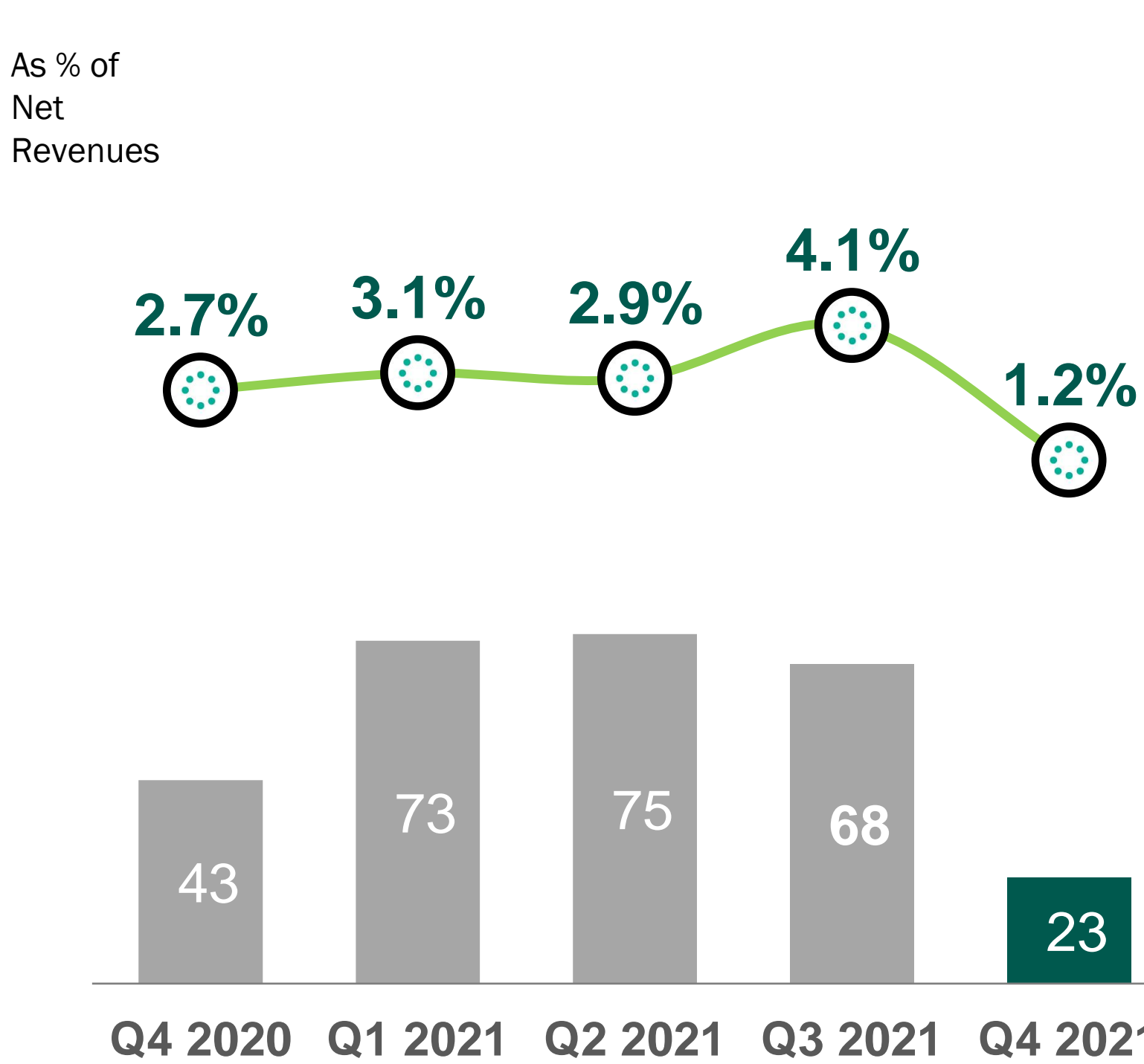
Non-GAAP General and Administrative Expenses

RMB millions



Non-GAAP Research and Development Expenses

RMB millions



Note: excluding share-based compensation expenses

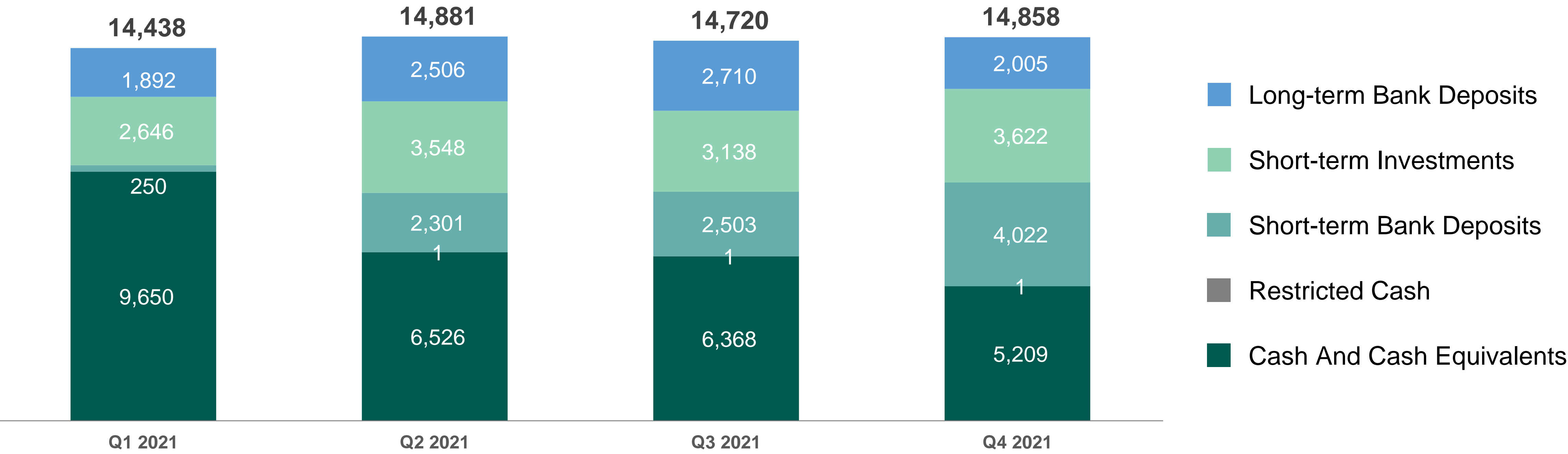
GAAP to Non-GAAP Net Income Reconciliation

RELX

(In RMB thousands)	For the Three Months Ended			For the Year Ended	
	Dec 31, 2020	Sep 30, 2021	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021
Net Income	(236,745)	976,435	494,415	(128,101)	2,028,124
Add: Share-based Compensation Expenses					
Selling Expenses	123,270	(90,768)	1,885	142,325	(19,653)
General and Administrative Expenses	367,426	(320,126)	45,107	593,473	302,070
Research and Development Expenses	165,395	(112,847)	(4,872)	193,300	(59,072)
Non-GAAP Net Income	419,346	452,694	536,535	800,997	2,251,469
Non-GAAP NPM (%)	25.9%	27.0%	28.2%	21.0%	26.4%
Net Income Attributable to RLX Technology Inc.	(236,745)	973,915	493,524	(128,101)	2,024,713
Add: Share-based Compensation Expenses	656,091	(523,741)	42,120	929,098	223,345
Non-GAAP Net Income Attributable to RLX Technology Inc.	419,346	450,174	535,644	800,997	2,248,058
Non-GAAP Net Income per Ordinary Share/ADS					
- Basic	0.292	0.334	0.398	0.557	1.604
- Diluted	0.292	0.332	0.394	0.557	1.595
Weighted Average Number of Ordinary Shares/ADSs					
- Basic	1,436,815,570	1,345,928,878	1,346,184,770	1,436,815,570	1,401,371,494
- Diluted	1,436,815,570	1,357,908,401	1,358,494,650	1,436,815,570	1,409,690,879

Capital Resources

RMB millions



Income Statements



(In RMB thousands)	For the Three Months Ended			For the Year Ended	
	Dec 31, 2020	Sep 30, 2021	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021
Net Revenues	1,618,451	1,676,723	1,904,355	3,819,712	8,520,978
Cost of Revenues	(924,315)	(1,020,753)	(1,138,826)	(2,292,153)	(4,848,918)
Gross Profit	694,136	655,970	765,529	1,527,559	3,672,060
Operating Expenses:					
Selling Expenses	(196,683)	(56,525)	(46,628)	(443,154)	(520,694)
General and Administrative Expenses	(447,045)	253,231	(167,108)	(771,971)	(672,748)
Research and Development Expenses	(208,889)	44,607	(17,797)	(299,285)	(179,913)
Total Operating Expenses	(852,617)	241,313	(231,533)	(1,514,410)	(1,373,355)
Income From Operations	(158,481)	897,283	533,996	13,149	2,298,705
Other Income:					
Interest Income, net	7,678	22,633	24,297	32,407	72,414
Investment Income	11,621	27,463	27,964	20,352	94,222
Others, net	13,062	150,498	37,694	36,523	194,209
Income Before Income Tax	(126,120)	1,097,877	623,951	102,431	2,659,550
Income Tax Expense	(110,625)	(121,442)	(129,536)	(230,532)	(631,426)
Net income	(236,745)	976,435	494,415	(128,101)	2,028,124
Less: Net Income Attributable to Noncontrolling Interests	-	2,520	891	-	3,411
Net income attributable to RLX Technology Inc.	(236,745)	973,915	493,524	(128,101)	2,024,713
Other Comprehensive (Loss)/Income:					
Foreign Currency Translation Adjustments	(14)	41,911	(181,851)	141	(149,188)
Total Other Comprehensive (Loss)/Income	(14)	41,911	(181,851)	141	(149,188)
Total Comprehensive Income	(236,759)	1,018,346	312,564	(127,960)	1,878,936
Less: Total Comprehensive Income Attributable To Noncontrolling Interests	-	2,520	891	-	3,411
Total Comprehensive Income Attributable To RLX Technology Inc.	(236,759)	1,015,826	311,673	(127,960)	1,875,525

Balance Sheets



(In RMB thousands)

	As of	
	Dec 31, 2020	Dec 31, 2021
ASSETS		
Current Assets		
Cash and Cash Equivalents	1,113,988	5,208,967
Restricted Cash	340,813	500
Short-Term Bank Deposits	493,282	4,022,119
Receivables From Online Payment Platforms	862	10,006
Short-Term Investments	1,473,349	3,621,637
Accounts And Notes Receivable	20,089	14,024
Inventories, net	329,123	589,088
Amounts Due From Related Parties	21,006	1,936
Prepayments and Other Current Assets	74,383	482,659
Total Current Assets	3,866,895	13,950,936
Non-Current Assets		
Property, Equipment and Leasehold Improvement, net	74,500	143,155
Intangible Assets, net	5,393	8,366
Long-Term Investments	4,000	12,000
Deferred Tax Assets	6,000	20,856
Right-of-Use Assets, net	91,743	176,258
Long-Term Bank Deposits	-	2,004,593
Other Non-Current Assets	11,354	48,961
Total Non-Current Assets	192,990	2,414,189
Total Assets	4,059,885	16,365,125
Cash And Cash Equivalents	1,113,988	5,208,967
Restricted Cash	340,813	500
Short-Term Bank Deposits	493,282	4,022,119
Short-Term Investments	1,473,349	3,621,637
Long-Term Bank Deposits	-	2,004,593
Total Cash and Cash Equivalents	3,421,432	14,857,816

Balance Sheets (Cont'd)



(In RMB thousands)

	As of	
	Dec 31, 2020	Dec 31, 2021
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts And Notes Payable	1,459,782	1,288,845
Contract Liabilities	320,434	286,651
Salary And Welfare Benefits Payable	179,558	170,393
Taxes Payable	363,644	597,761
Accrued Expenses And Other Current Liabilities	116,929	313,396
Amounts Due To Related Parties	11,174	-
Lease Liabilities - Current Portion	45,073	80,582
Total Current Liabilities	2,496,594	2,737,628
Non-Current Liabilities		
Deferred Tax Liabilities	5,210	4,513
Lease Liabilities - Non-Current Portion	49,448	104,232
Total Non-Current Liabilities	54,658	108,745
Total Liabilities	2,551,252	2,846,373
Shareholders' Equity:		
Total RLX Technology Inc. shareholders' Equity	1,508,633	13,514,952
Noncontrolling Interests	-	3,800
Total Shareholders' Equity	1,508,633	13,518,752
Total Liabilities And Shareholders' Equity	4,059,885	16,365,125

Statements of Cash Flows



(In RMB thousands)

	For the Three Months Ended			For the Year Ended	
	Dec 31, 2020	Sep 30, 2021	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021
Net Cash Generated From/(Used In) Operating Activities	1,290,121	(142,852)	465,738	2,589,383	1,799,892
Net Cash Used In Investing Activities	829,504	(38,534)	(1,397,519)	(1,812,894)	(7,870,660)
Net Cash Generated From/(Used In) Financing Activities	(1,200,659)	389	(127,516)	174,881	9,904,121
Effect Of Foreign Exchange Rate Changes On Cash, Cash Equivalents And Restricted Cash	(10,666)	23,372	(99,770)	19,339	(78,687)
Net Increase/(Decrease) In Cash And Cash Equivalents And Restricted Cash	908,300	(157,625)	(1,159,067)	970,709	3,754,666
Cash, Cash Equivalents And Restricted Cash At The Beginning of The Period	546,501	6,526,159	6,368,534	484,092	1,454,801
Cash, Cash Equivalents And Restricted Cash At The End of The Period	1,454,801	6,368,534	5,209,467	1,454,801	5,209,467

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