

RLX Technology Inc.

Earnings Presentation Q3 2022

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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.

A person is captured in mid-air, jumping joyfully on a dark, silhouetted hill. The background is a vast, hazy mountain range under a warm, golden sunset sky. A bird is seen flying in the upper right portion of the frame. A large, semi-transparent circular graphic is overlaid on the right side of the image, containing the text.

OPERATIONAL HIGHLIGHTS

Selected Approved New Products

RLX TECH



QING YU



PHANTOM



PHANTOM Pro



ZEUS

Budget

Price Point

Premium



雾芯科技
RLX TECH

Envisaging a Better Future
RLX Tech Corporate Social Responsibility Report
2021-2022

Social Indicators

By the end of 2021:

Jobs directly and indirectly created across the industry chain

About **370,000**

By June of 2022:

Area of the eco-field of the Amur Tiger and Leopard Conservation Project

20 ha

By May 2022:

Percentage of RLX Tech stores utilizing the Sunflower System 3.0

100%

By the end of 2021:

Total distance patrolled by the RLX Tech Patrol Team

12,600 km

By May 2022:

The Pods Reborn recycling program implemented in

188 Chinese cities

By the end of 2021:

Customer satisfaction rate

97%

R&D Indicators

By June 2022:

Patents filed globally

610

In 2021:

Cooperative research projects

13

Economic Indicators

By the end of 2021:

Stores open in

300 + cities

In 2021:

Number of cases in which we assisted the police on counterfeit crackdowns via the Golden Shield Program

43

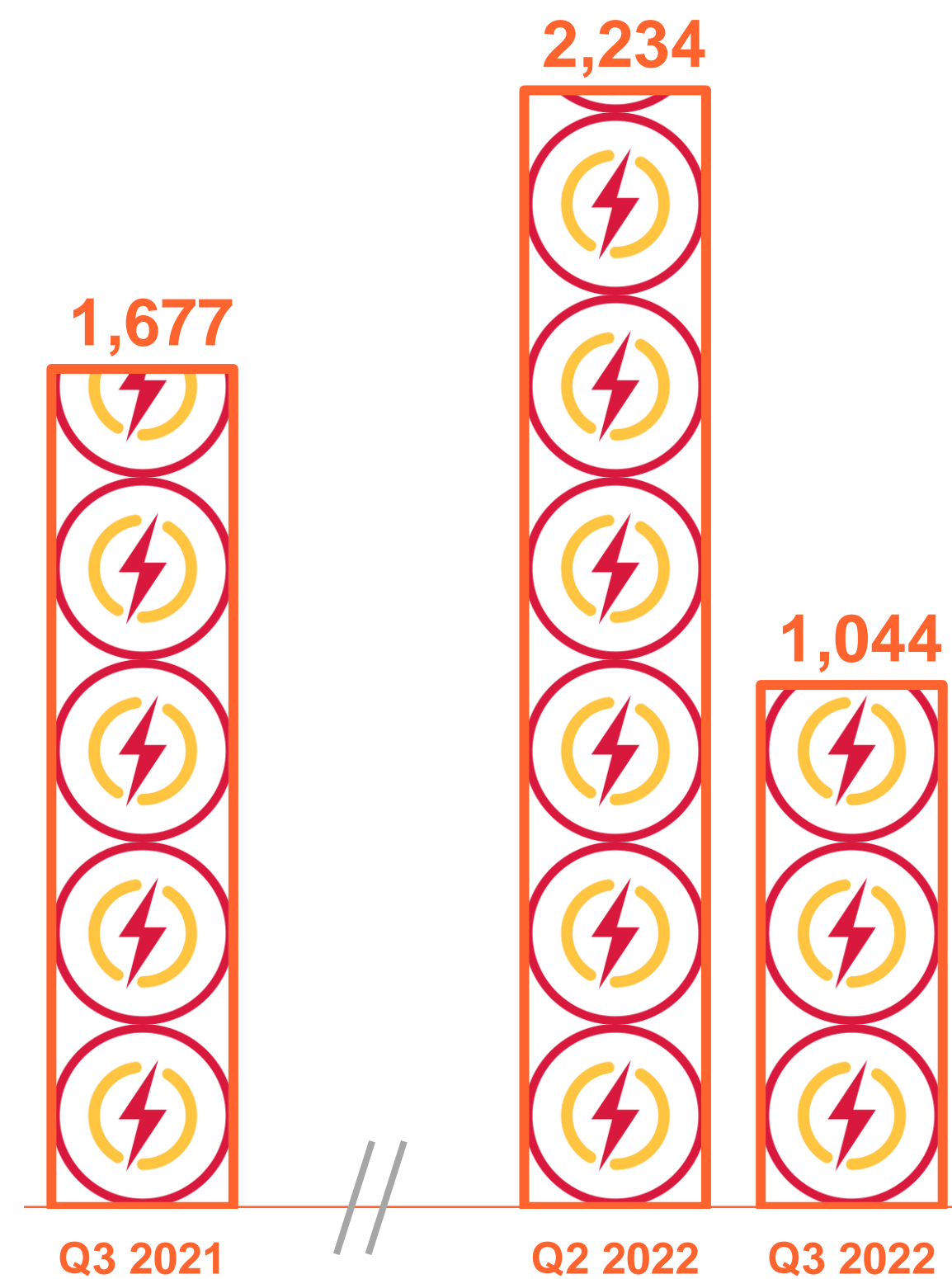


FINANCIAL HIGHLIGHTS

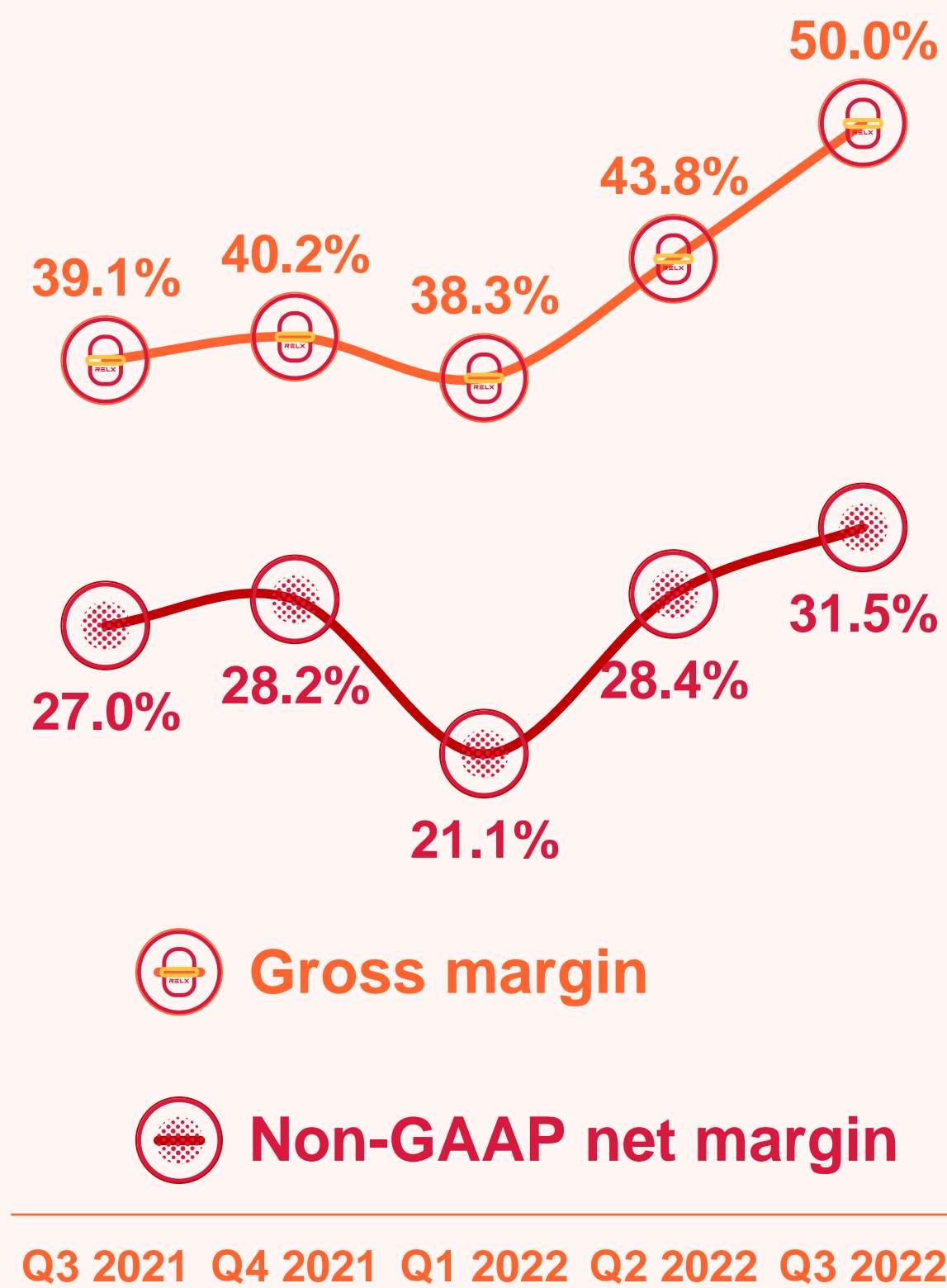
Q3 2022 Financial Highlights

Net Revenues

RMB millions

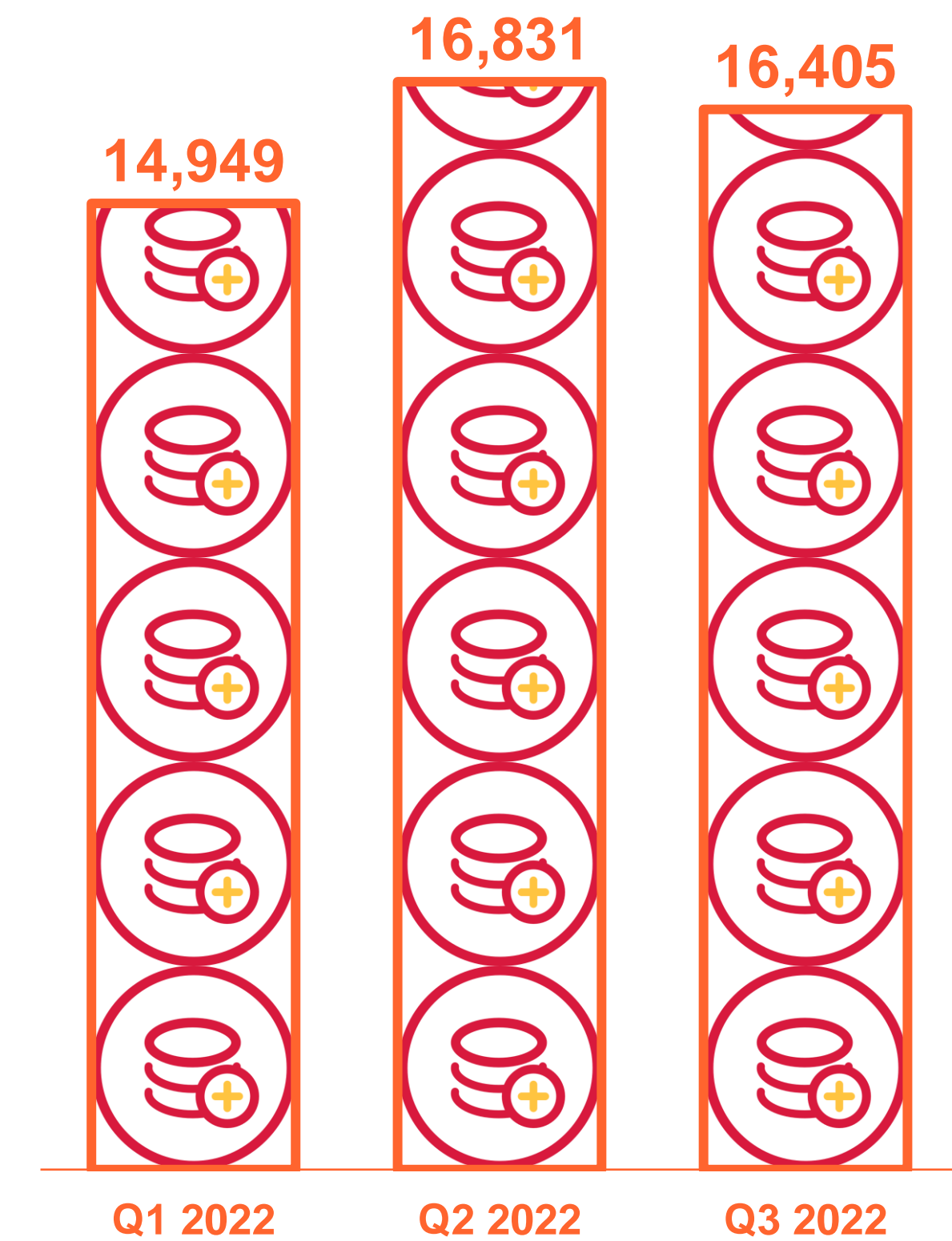


Profitability



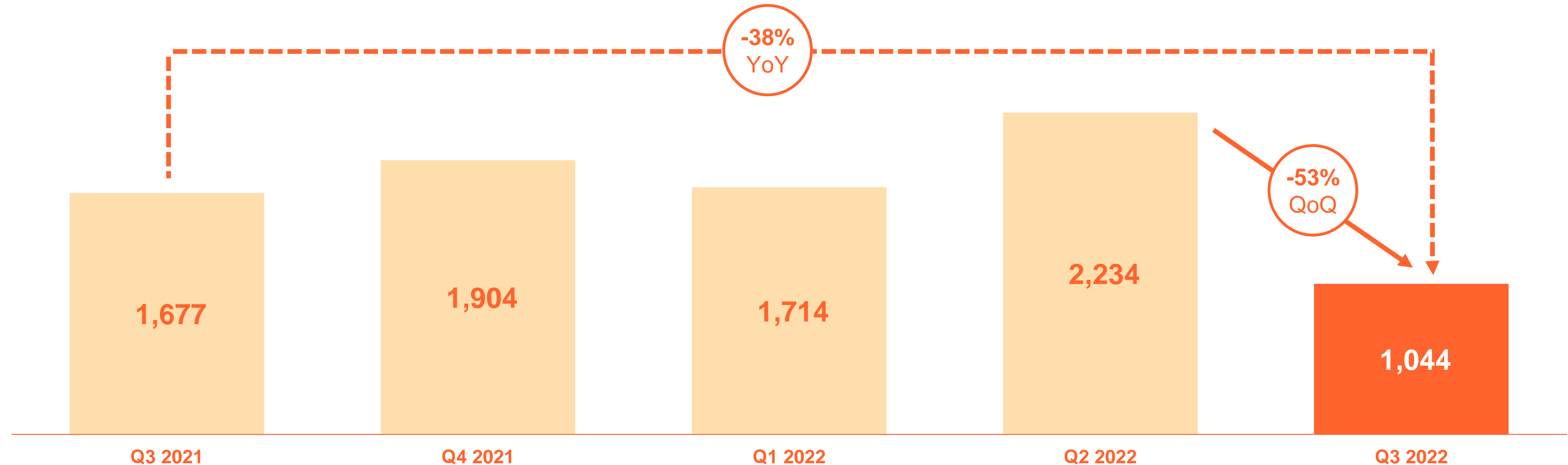
Capital Resources

RMB millions



Net Revenues by Quarter

RMB millions



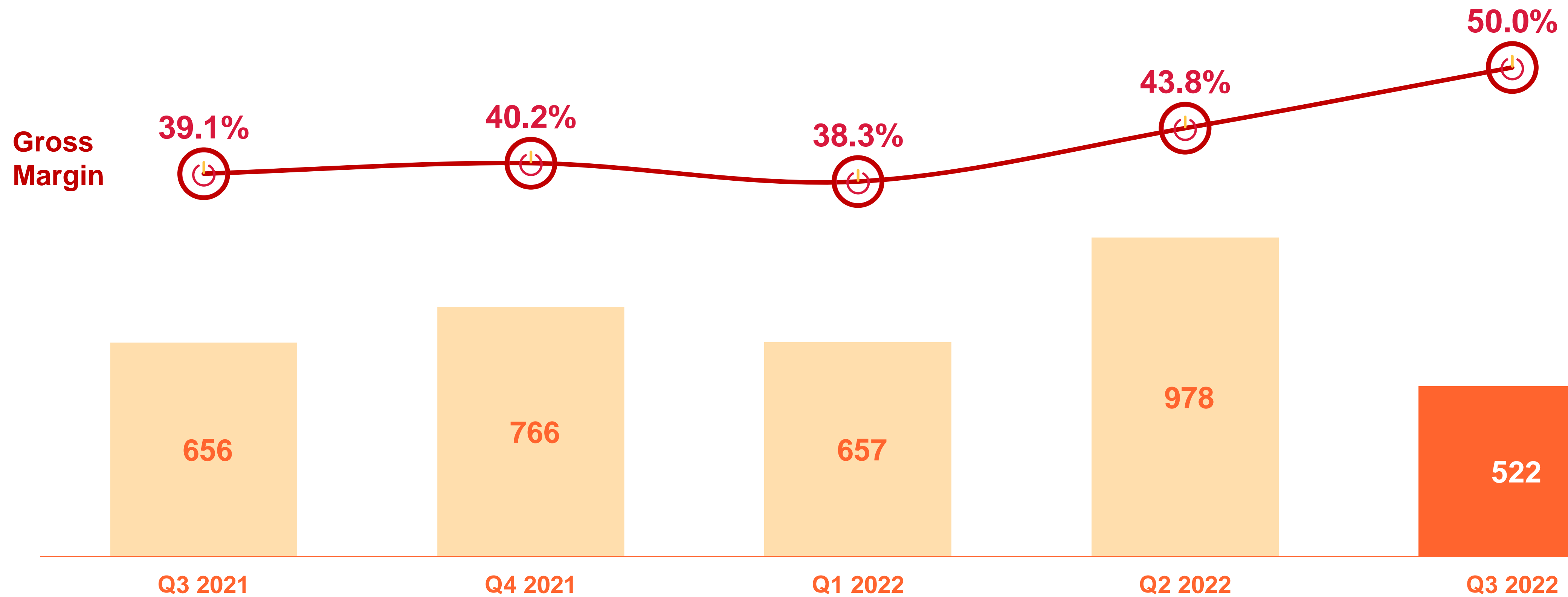
The YoY decrease in quarterly net revenues was primarily due to:

- Suspension of store expansions and the discontinuation of older products during the transition to the new national standards

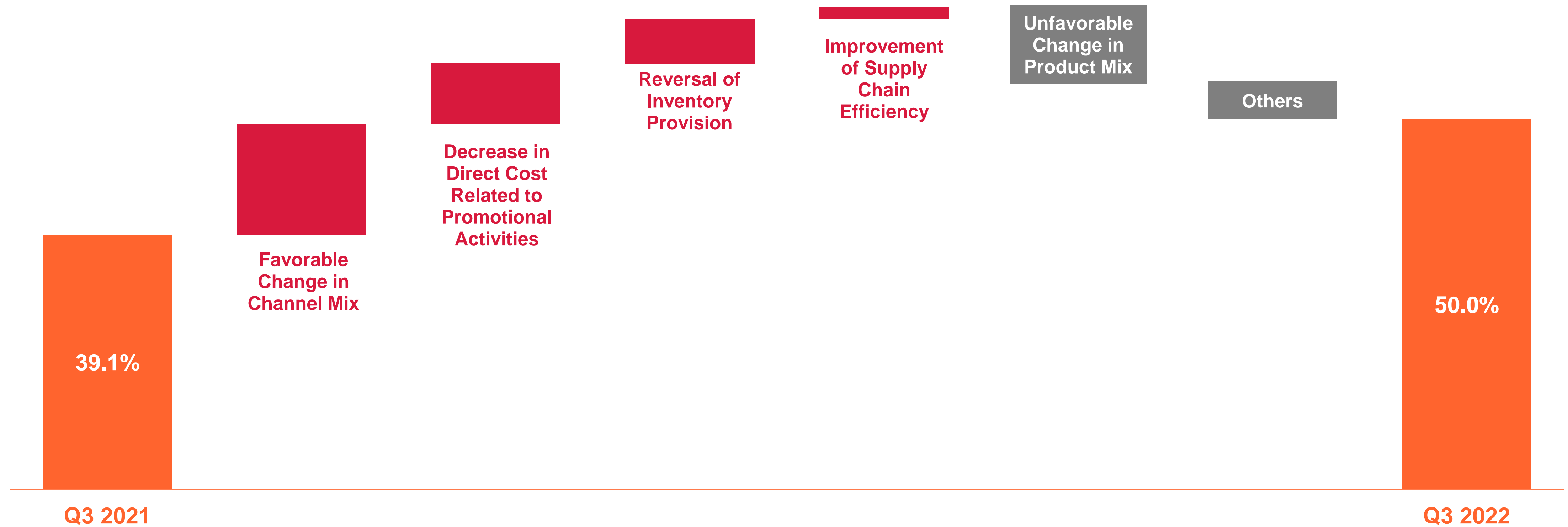
Gross Profit and Gross Margin

Gross Profit and Gross Margin

RMB millions



Gross Margin Waterfall Analysis



The increase in gross margin was primarily due to:

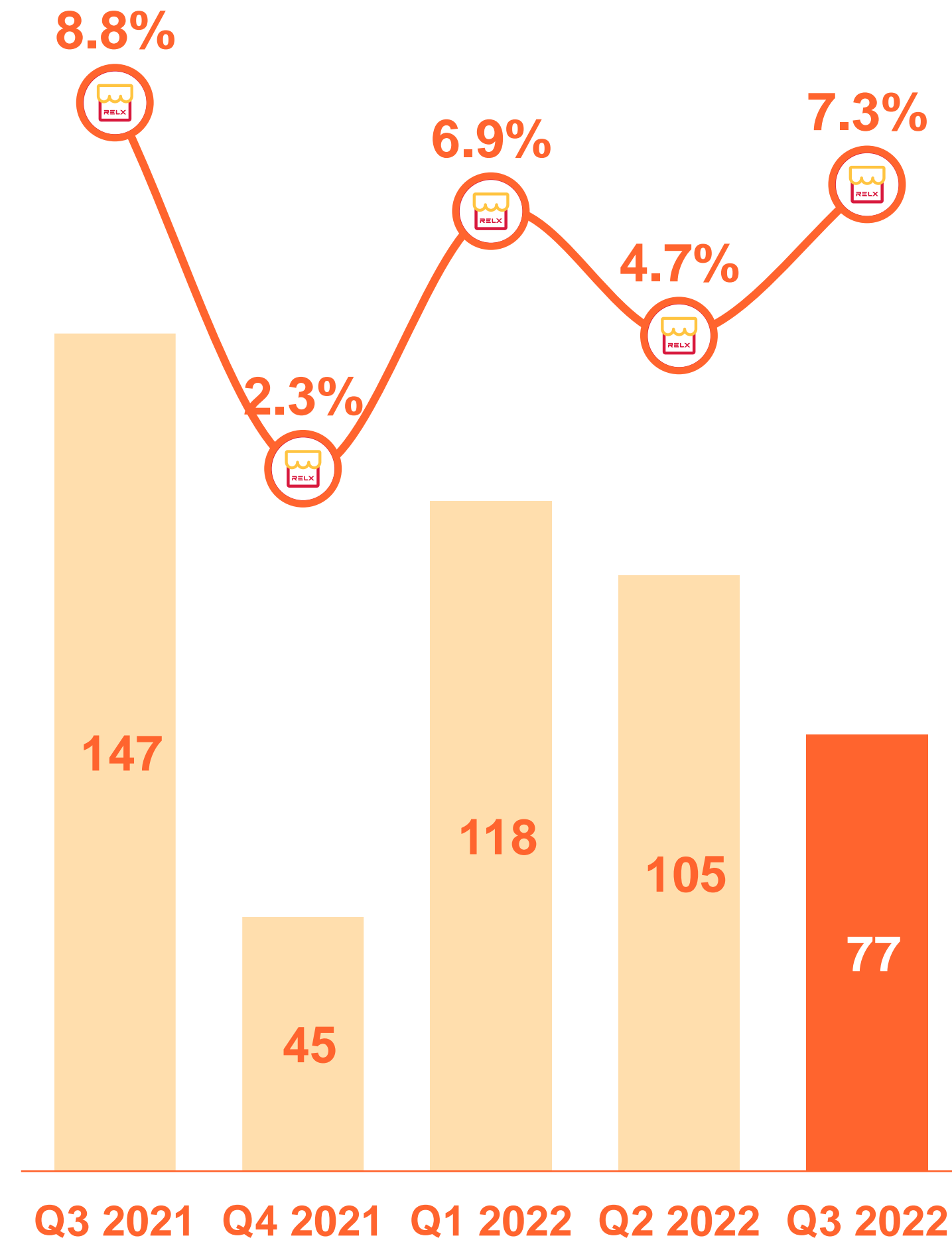
- a favorable change in channel mix
- a decrease in direct cost related to promotional activities

Non-GAAP Operating Expenses

Non-GAAP Selling Expenses

RMB millions

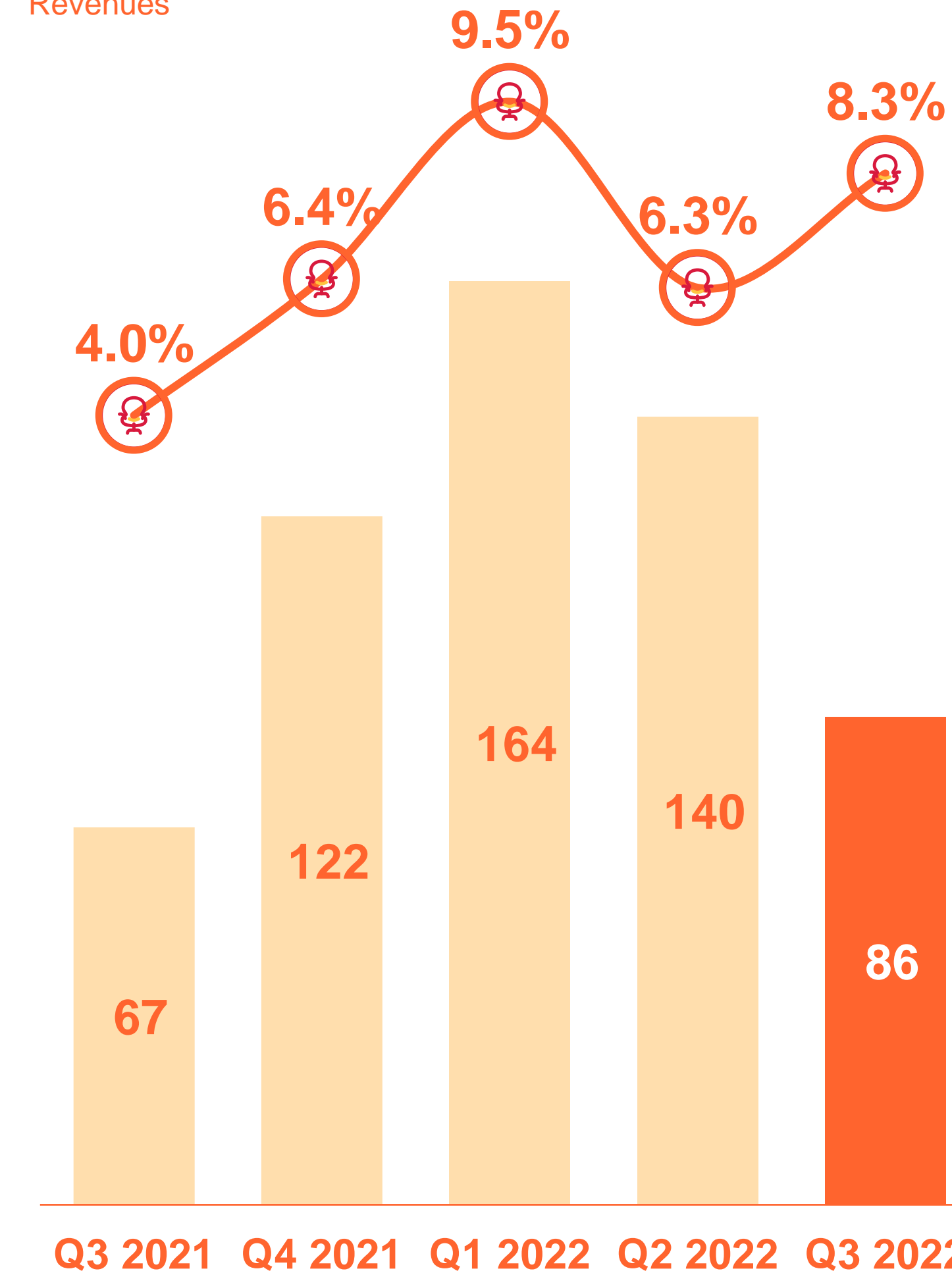
As % of Net Revenues



Non-GAAP General and Administrative Expenses

RMB millions

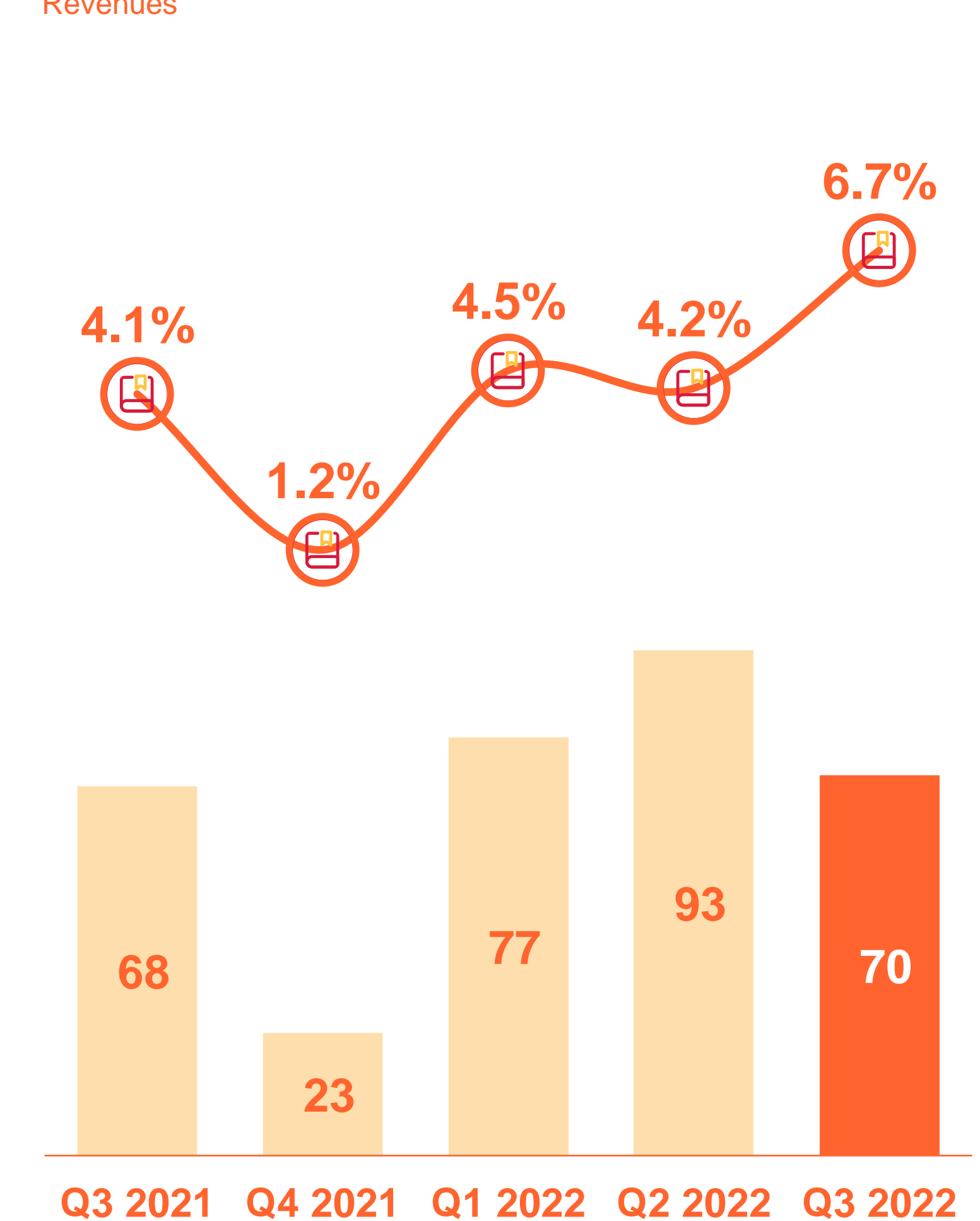
As % of Net Revenues



Non-GAAP Research and Development Expenses

RMB millions

As % of Net Revenues

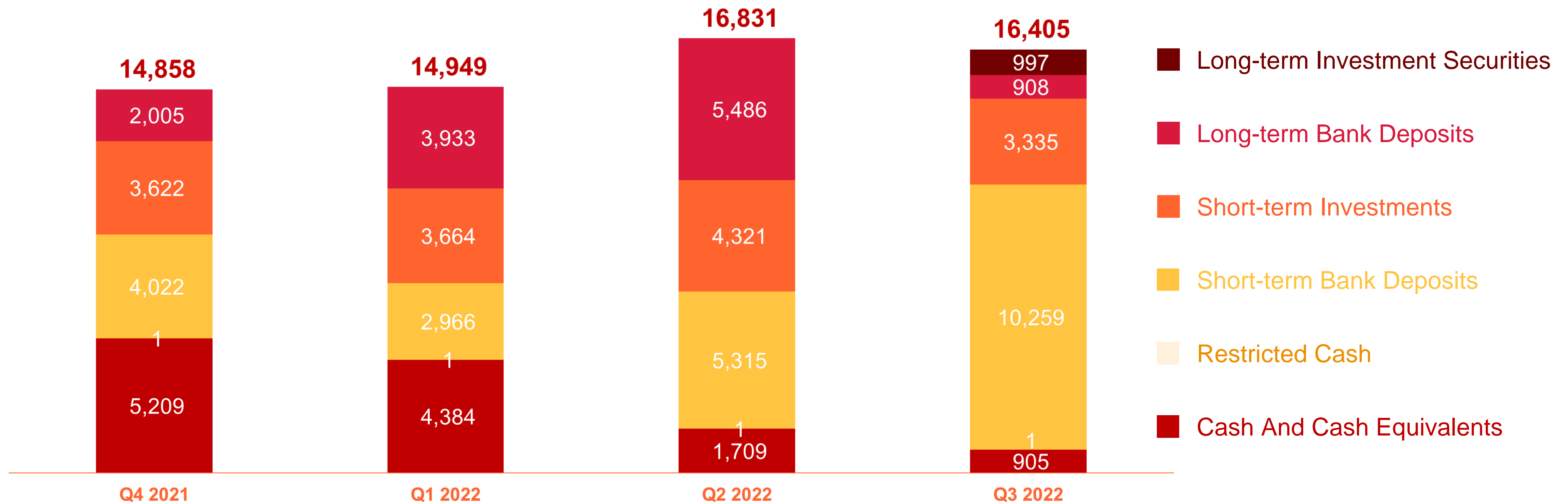


Note: excluding share-based compensation expenses

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

(In RMB thousands)	For the Three Months Ended			For the Nine Months Ended	
	Sep 30, 2021	Jun 30, 2022	Sep 30, 2022	Sep 30, 2021	Sep 30, 2022
Net Income	976,435	441,562	505,240	1,533,710	1,633,857
Add: Share-based Compensation Expenses					
Selling Expenses	(90,768)	17,896	(24,189)	(21,538)	(48,232)
General and Administrative Expenses	(320,126)	151,069	(128,200)	256,964	(207,219)
Research and Development Expenses	(112,847)	24,213	(24,242)	(54,201)	(53,240)
Non-GAAP Net Income	452,694	634,740	328,609	1,714,935	1,325,166
Non-GAAP NPM (%)	27.0%	28.4%	31.5%	25.9%	26.5%
Net Income attributable to RLX Technology Inc.	973,915	461,061	503,357	1,531,190	1,669,699
Add: Share-based Compensation Expenses	(523,741)	193,178	(176,631)	181,225	(308,691)
Non-GAAP Net Income Attributable to RLX Technology Inc.	450,174	654,239	326,726	1,712,415	1,361,008
Non-GAAP Net Income per Ordinary Share/ADS					
- Basic	0.334	0.494	0.247	1.206	1.025
- Diluted	0.332	0.492	0.246	1.200	1.014
Weighted Average Number of Ordinary Shares/ADSs					
- Basic	1,345,928,878	1,323,877,777	1,322,824,853	1,419,969,217	1,327,552,588
- Diluted	1,357,908,401	1,330,060,097	1,329,164,753	1,427,055,536	1,341,861,541

Capital Resources



Income Statements

RLX TECH

(In RMB thousands)	For the Three Months Ended			For the Nine Months Ended	
	Sep 30, 2021	Jun 30, 2022	Sep 30, 2022	Sep 30, 2021	Sep 30, 2022
Net Revenues	1,676,723	2,233,893	1,044,424	6,616,622	4,992,767
Cost of Revenues	(1,020,753)	(1,256,010)	(522,451)	(3,710,092)	(2,835,908)
Gross Profit	655,970	977,883	521,973	2,906,530	2,156,859
Operating Expenses:					
Selling Expenses	(56,525)	(122,634)	(52,544)	(474,066)	(251,125)
General and Administrative Expenses	253,231	(290,745)	41,746	(505,639)	(182,604)
Research and Development Expenses	44,607	(117,567)	(45,978)	(162,116)	(187,552)
Total Operating Expenses	241,313	(530,946)	(56,776)	(1,141,821)	(621,281)
Income From Operations	897,283	446,937	465,197	1,764,709	1,535,578
Other Income:					
Interest Income, net	22,633	42,724	56,237	48,117	126,112
Investment Income	27,463	40,631	38,104	66,258	110,974
Others, net	150,498	115,586	16,573	156,515	249,016
Income Before Income Tax	1,097,877	645,878	576,111	2,035,599	2,021,680
Income Tax Expense	(121,442)	(204,316)	(70,871)	(501,889)	(387,823)
Net Income	976,435	441,562	505,240	1,533,710	1,633,857
Less: Net Income / (Loss) Attributable to Noncontrolling Interests	2,520	(19,499)	1,883	2,520	(35,842)
Net Income attributable to RLX Technology Inc.	973,915	461,061	503,357	1,531,190	1,669,699
Other Comprehensive Income:					
Foreign Currency Translation Adjustments	41,911	580,438	618,060	32,662	1,152,674
Total Other Comprehensive Income	41,911	580,438	618,060	32,662	1,152,674
Total Comprehensive Income	1,018,346	1,022,000	1,123,300	1,566,372	2,786,531
Less: Total Comprehensive Income / (Loss) Attributable To Noncontrolling Interests	2,520	(19,499)	1,883	2,520.00	(35,842)
Total Comprehensive Income Attributable To RLX Technology Inc.	1,015,826	1,041,499	1,121,417	1,563,852	2,822,373

Balance Sheets

RLX TECH

(In RMB thousands)	As of	
	Dec 31, 2021	Sep 30, 2022
ASSETS		
Current Assets		
Cash and Cash Equivalents	5,208,967	904,777
Restricted Cash	500	1,990
Short-Term Bank Deposits, net	4,022,119	10,258,777
Receivables From Online Payment Platforms	10,006	3,495
Short-Term Investments	3,621,637	3,335,193
Accounts And Notes Receivable, net	14,024	70,164
Inventories, net	589,088	55,194
Amounts Due From Related Parties	1,936	27,456
Prepayments and Other Current Assets, net	482,659	146,867
Total Current Assets	13,950,936	14,803,913
Non-Current Assets		
Property, Equipment and Leasehold Improvement, net	143,155	94,404
Intangible Assets, net	8,366	8,162
Long-Term Investments, net	12,000	8,000
Deferred Tax Assets, net	20,856	20,856
Right-of-Use Assets, net	176,258	87,975
Long-Term Bank Deposits, net	2,004,593	907,974
Long-Term Investment Securities	-	996,670
Other Non-Current Assets	48,961	16,827
Total Non-Current Assets	2,414,189	2,140,868
Total Assets	16,365,125	16,944,781
Cash And Cash Equivalents	5,208,967	904,777
Restricted Cash	500	1,990
Short-Term Bank Deposits, net	4,022,119	10,258,777
Short-Term Investments	3,621,637	3,335,193
Long-Term Bank Deposits, net	2,004,593	907,974
Long-Term Investment Securities	-	996,670
Total Cash and Cash Equivalents	14,857,816	16,405,381

Balance Sheets (Cont'd)

(In RMB thousands)	As of	
	Dec 31, 2021	Sep 30, 2022
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts And Notes Payable	1,288,845	666,250
Short-term Loan	-	100,000
Contract Liabilities	286,651	33,820
Salary And Welfare Benefits Payable	170,393	162,721
Taxes Payable	597,761	149,653
Accrued Expenses And Other Current Liabilities	313,396	202,171
Amounts Due To Related Parties	-	-
Lease Liabilities - Current Portion	80,582	61,025
Total Current Liabilities	2,737,628	1,375,640
Non-Current Liabilities		
Deferred Tax Liabilities	4,513	4,513
Lease Liabilities - Non-Current Portion	104,232	38,059
Total Non-Current Liabilities	108,745	42,572
Total Liabilities	2,846,373	1,418,212
Shareholders' Equity:		
Total RLX Technology Inc. shareholders' Equity	13,514,952	15,558,611
Noncontrolling Interests	3,800	(32,042)
Total Shareholders' Equity	13,518,752	15,526,569
Total Liabilities And Shareholders' Equity	16,365,125	16,944,781

Statements of Cash Flows

RLX TECH

(In RMB thousands)	For the Three Months Ended			For the Nine Months Ended	
	Sep 30, 2021	Jun 30, 2022	Sep 30, 2022	Sep 30, 2021	Sep 30, 2022
Net Cash (Used In) / Generated From Operating Activities	(142,852)	1,444,388	(1,016,862)	1,334,154	735,695
Net Cash (Used In) / Generated From Investing Activities	(38,534)	(4,145,885)	211,064	(6,473,141)	(4,885,585)
Net Cash Generated From / (Used In) Financing Activities	389	(145,189)	(19,822)	10,031,637	(326,623)
Effect Of Foreign Exchange Rate Changes On Cash, Cash Equivalents And Restricted Cash	23,372	171,597	22,772	21,083	173,813
Net (Decrease) / Increase In Cash And Cash Equivalents And Restricted Cash	(157,625)	(2,675,089)	(802,848)	4,913,733	(4,302,700)
Cash, Cash Equivalents And Restricted Cash At The Beginning of The Period	6,526,159	4,384,704	1,709,615	1,454,801	5,209,467
Cash, Cash Equivalents And Restricted Cash At The End of The Period	<u>6,368,534</u>	<u>1,709,615</u>	<u>906,767</u>	<u>6,368,534</u>	<u>906,767</u>

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