

2Q21 Earnings Presentation

August 2021



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The Company uses certain financial measures that are not recognized under generally accepted accounting principles in the United States (“GAAP”) in evaluating its business. These non-GAAP financial measures have limitations as analytical tools. One of the key limitations of using non-GAAP financial measures is that they do not reflect all items of income and expense that affect the Company’s operations. Share-based compensation expenses, amortization of intangible assets resulting from business acquisition, and unrealized investment loss have been and may continue to be incurred in the Company’s business and is not reflected in the use of non-GAAP financial measures. Further, the non-GAAP measures may differ from the non-GAAP measures used by other companies, including peer companies, and therefore their comparability may be limited. The use of such non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures, see Reconciliations of GAAP and non-GAAP Financial Measures.

2021 2Q Financial Highlights



GMV⁽¹⁾

RMB 15.7 bn
+23% YoY



Revenue

RMB 2.3 bn
+7% YoY



**Non-GAAP Income
from Operations⁽²⁾**

RMB 161.6 mm
-14% YoY

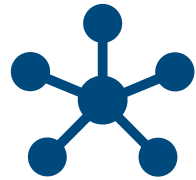


**Non-GAAP
Net Income**

RMB 153.3 mm
+4% YoY

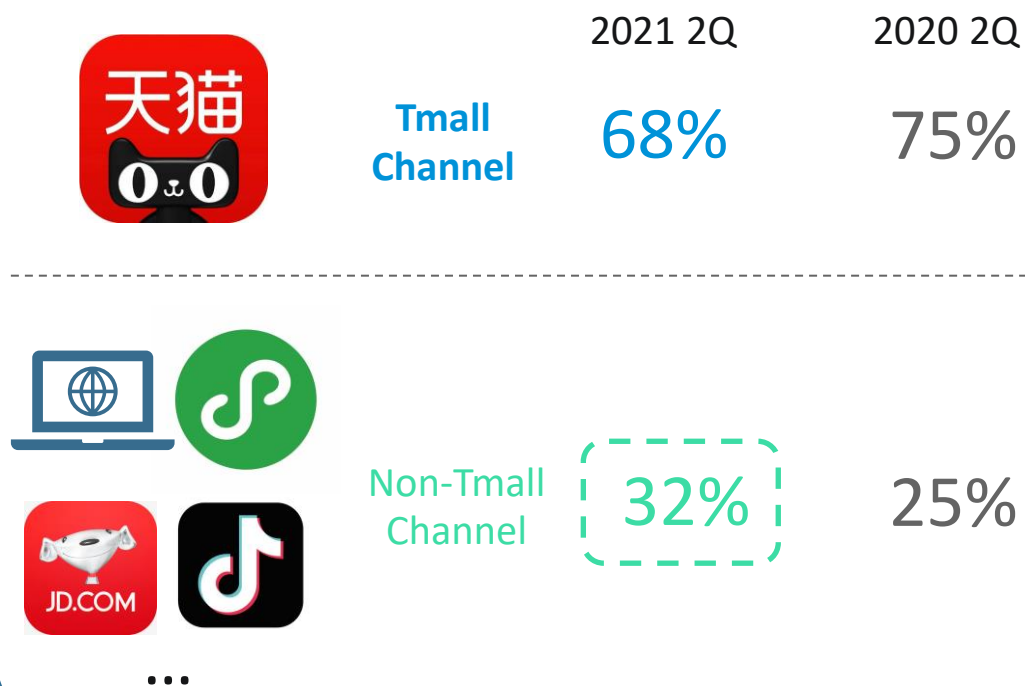
(1) Gross merchandise volume for the quarter of 2021 Q2, includes value added tax and excludes (i) shipping charges, (ii) surcharges and other taxes, (iii) value of the goods that are returned and (iv) deposits for purchases that have not been settled
(2) Non-GAAP income from operations is a non-GAAP financial measure, which is defined as income from operations excluding share-based compensation expenses and amortization of intangible assets resulting from business acquisition

Omni-Channel Expansion & Robust Growth for Luxury & Premium Sector



Omni-Channel Expansion

GMV Breakdown by Channel



Strong Growth Momentum For Luxury & Premium



Visited headquarters of European luxury and premium brands with Full Jet team



Positive feedback of China's luxury e-commerce market opportunities



On boarded 7 luxury brands partners in 2Q21



Strong pipeline in the sector

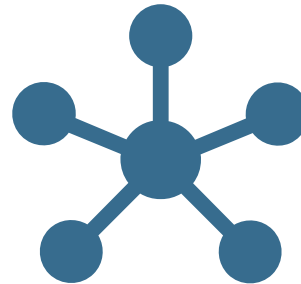
M&A Progress Update

Strategic Investment to Enhance our Logistics Capabilities



Enlarge Premium Warehouse Capacities

- Expanded premium warehouse capacity
- Broader supply chain services



Vertical Extension in More Categories



FMCG



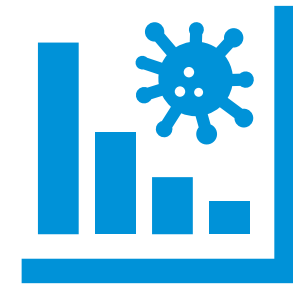
Cosmetics



Electronics

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Regional Cost Advantage

- Integrated logistics and delivery resources
- Better pricing terms and bargaining power

M&A Progress Update (Cont'd)

M&A Projects to Enhance our Brand E-commerce Capabilities



- Further penetrate in branded fashion sector
- Extend leadership position



- Started to offer e-commerce solutions to FFG brands
- To joint development of special offer product in 2H21



- Business development well on track
- Co-launched comprehensive packages for showcase brand partners in Cosmetics
- More breakthroughs in FMCG categories to be expected



- Successfully jointly acquired new brand partners
- Actively participated in business development in luxury and broader apparel category

Technology Powered Middle Office to Improve Efficiency



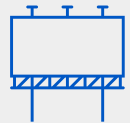
Baozun Omni-channel E-commerce Solution

Empower Front Office, Improve Quality, Reduce Cost

Business Operation Centres

Centralised Customer Services

Regional Service Centres



Process

- Standardisation and automation
- Process re-engineering
- Lean and Six Sigma



System

- Stability and reliability
- Customisation
- Multi-channel integration



Data

- Big data analytics
- Market intelligence
- Data privacy and cybersecurity

Baozun 3-5 Year Medium-Term Strategic Plan

Aspiration, Mission and Objectives

- ✓ Aspiration: From brands to consumers, we strive to become the leading global brand e-commerce business partner
- ✓ Mission: Technology empowers future success
- ✓ Objective: Sustainable & profitable growth

Strategy Priorities



“Customer First” to drive growth

- Customer segmentation and service differentiation to attract new business
- Become #1 in more sub-categories to drive up market share



New Business Expansion

- Explore new channels such as mini-programs, Douyin, JD etc.
- Explore new business models



Cost Structure Optimization

- Drive technology driven business process re-engineering
- Implement service-quality-oriented location strategy

Strategic Enablers



Technology Innovation



Digital Marketing



Logistics

Culture

- ✓ Deliver quality through developing people



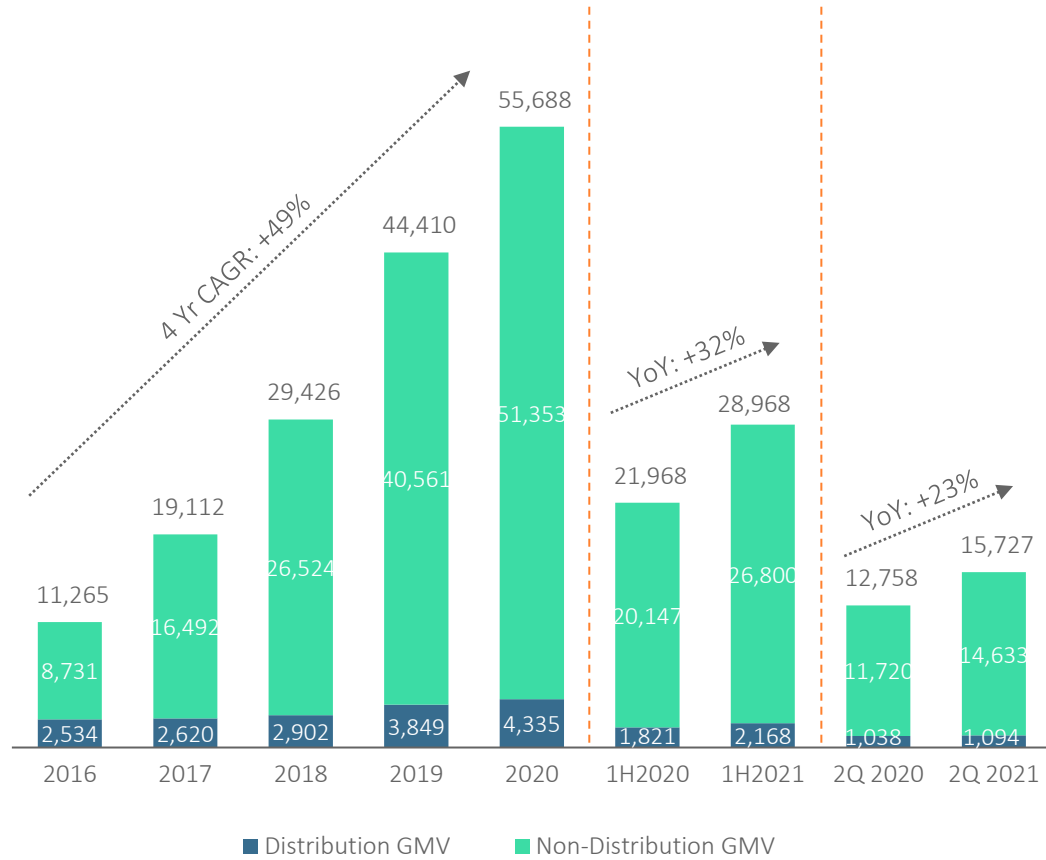
Financial Highlights



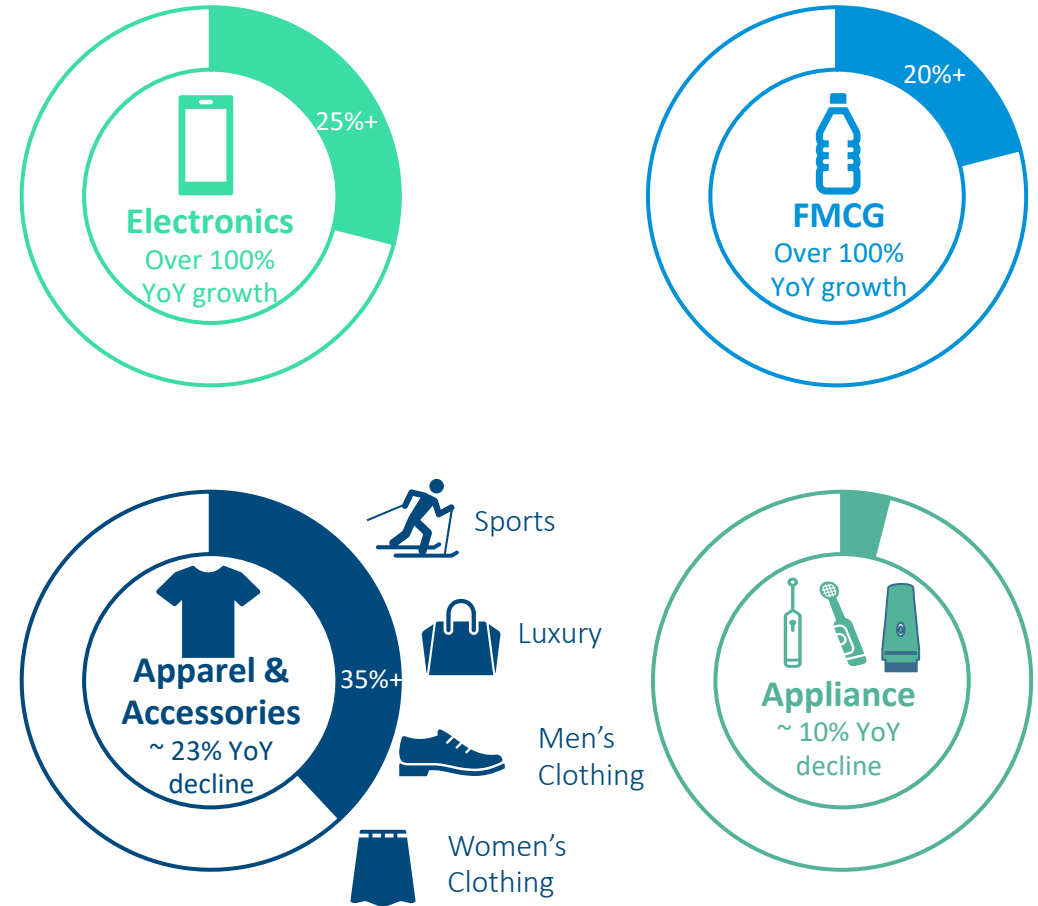
Mixed GMV Growth

Total GMV ⁽¹⁾

RMB mn



GMV by Category (for 2Q21)

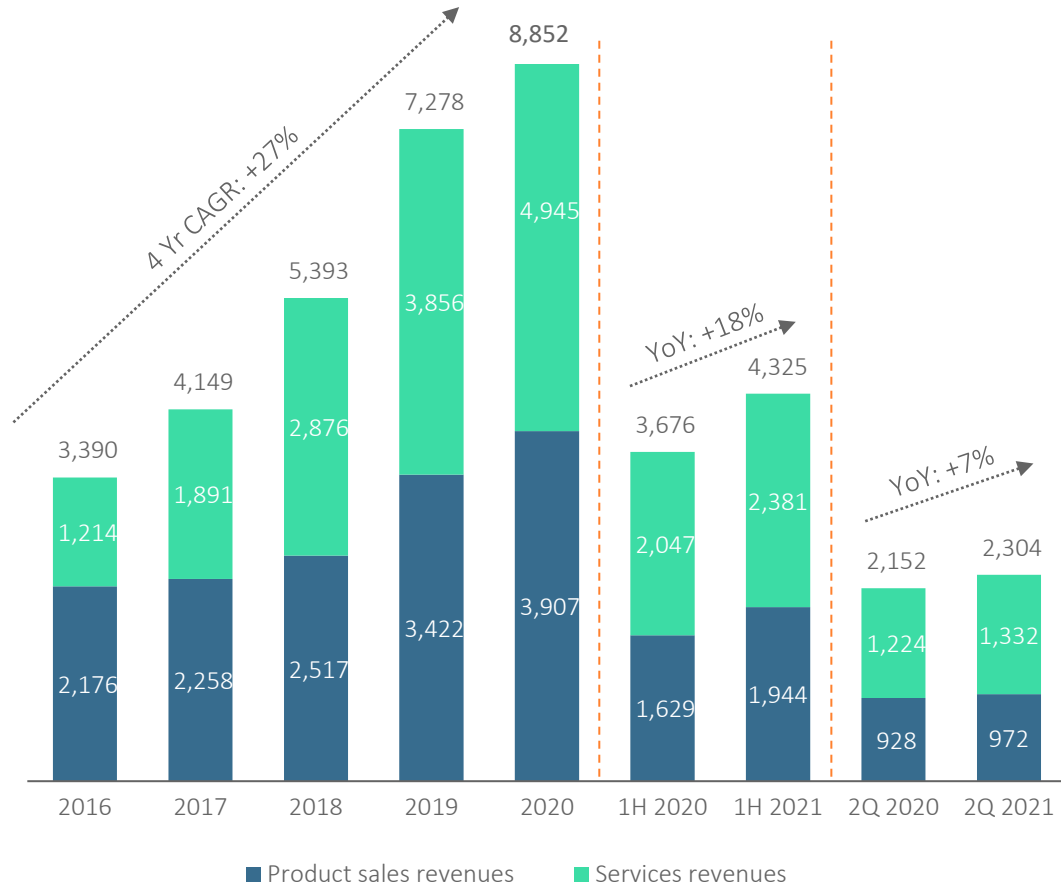


(1) Gross merchandise volume includes value added tax and excludes (i) shipping charges, (ii) surcharges and other taxes, (iii) value of the goods that are returned and (iv) deposits for purchases that have not been settled

Robust Revenue Growth

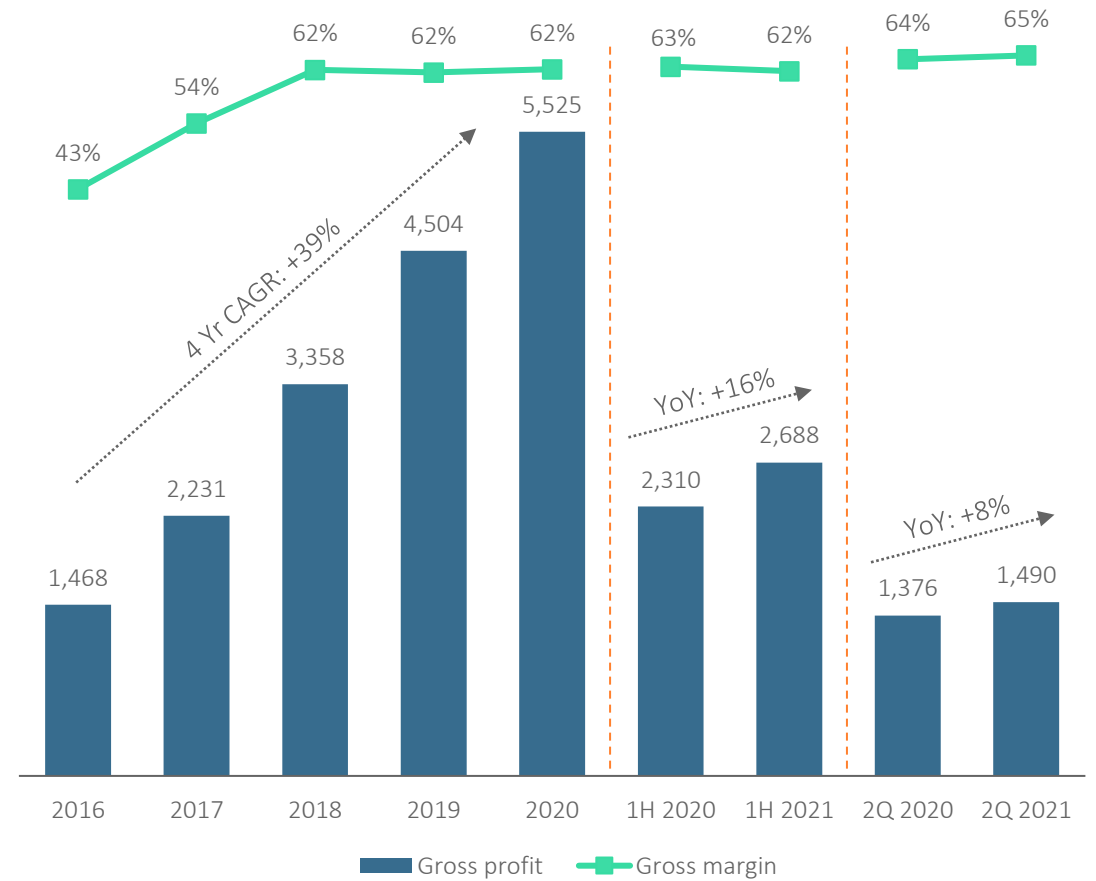
Total net revenues

RMB mn



Gross profit (1)

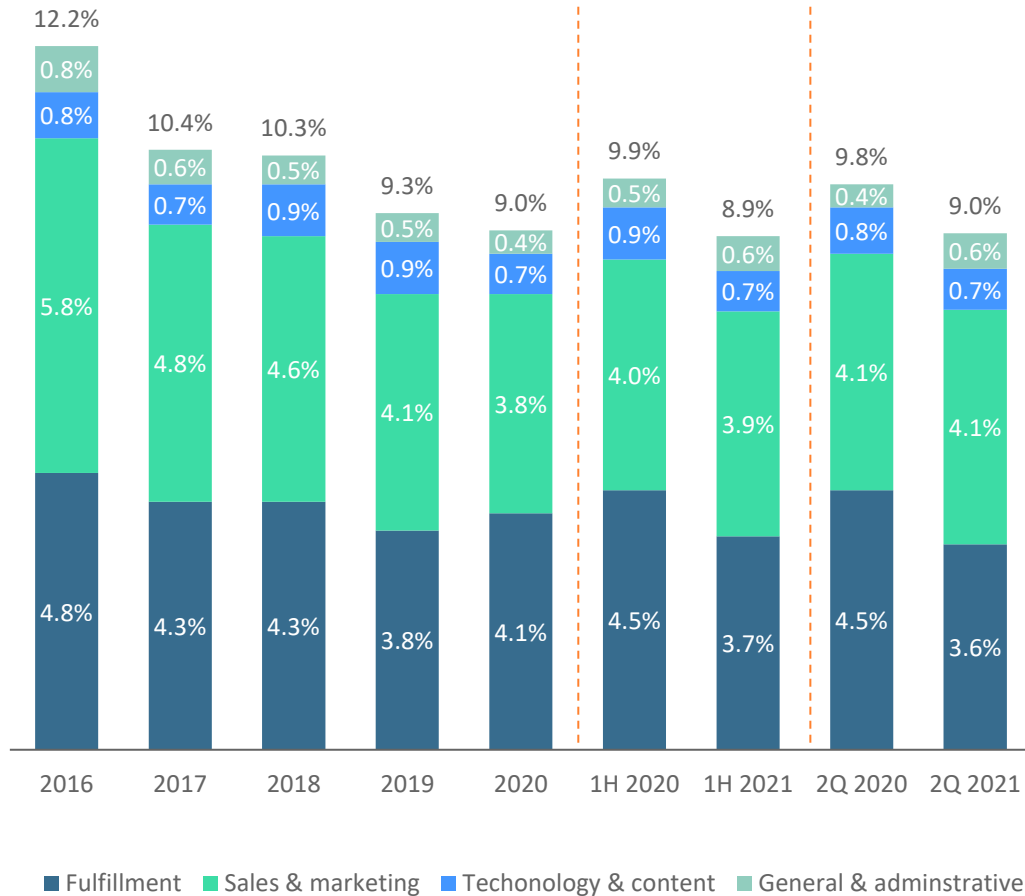
RMB mn



(1) Gross profit equals total net revenues minus cost of products. Gross margin equals gross profit divided by total net revenues

Optimizing Cost Structure and Driving Operational Efficiency

Operating expenses breakdown (as % of total GMV)



Operating expense analysis (for 2Q2021)



Fulfillment 560MM
YoY GMV% 4.5% → 3.6%

- Less outbound orders for the quarter impacted by BCI
- Efficiency improvement



Sales & Marketing 648MM
YoY GMV% 4.1% → 4.1%

- Effective digital marketing services
- Efficiency improvement
- Investment in talents in digital marketing team



Technology & Content 115MM
YoY GMV 0.8% → 0.7%

- Rise in staff cost for incremental IT investment
- Efficiency improvement



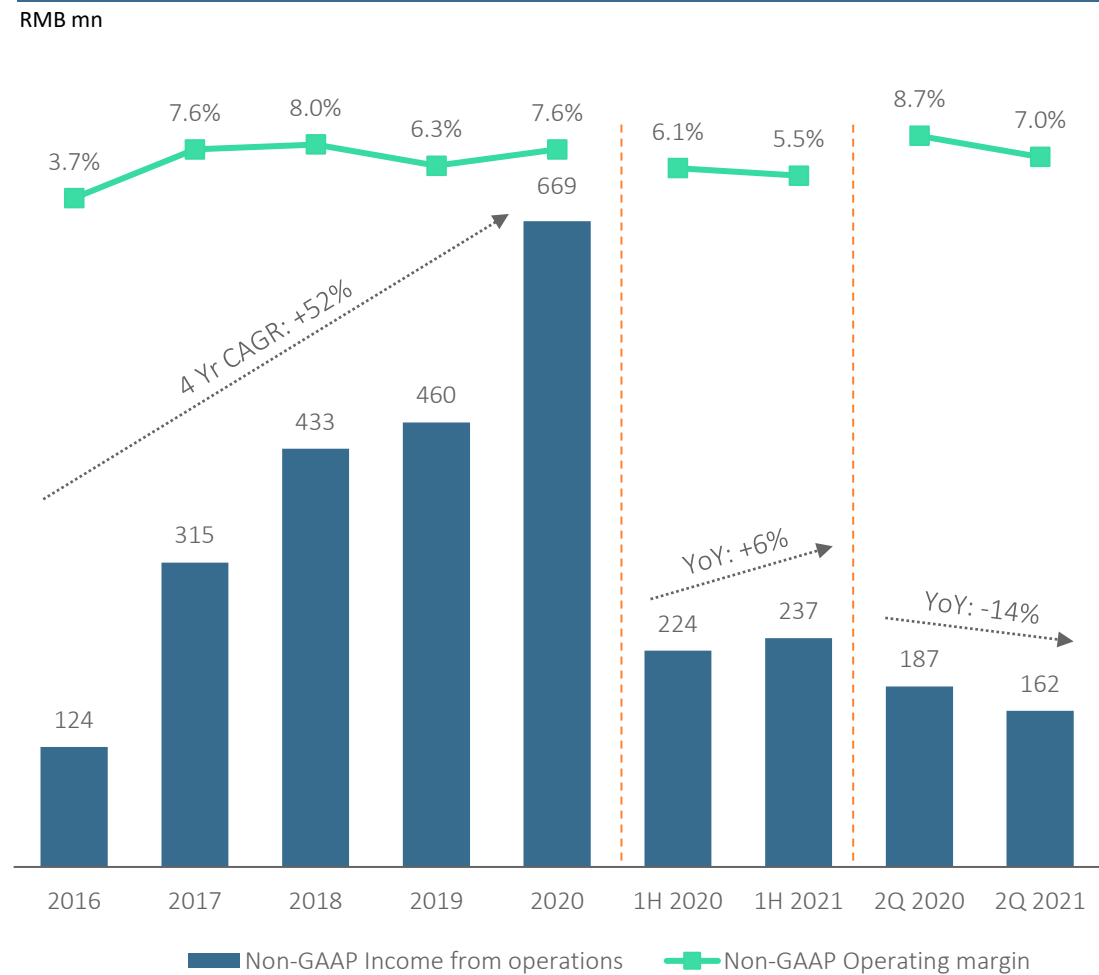
G&A 98MM
YoY GMV 0.4% → 0.6%

- Investment in talent recruitment and retention
- Increase in rental expenses for new headquarters
- Increased professional fees for M&A initiative
- Increase of account receivables provision

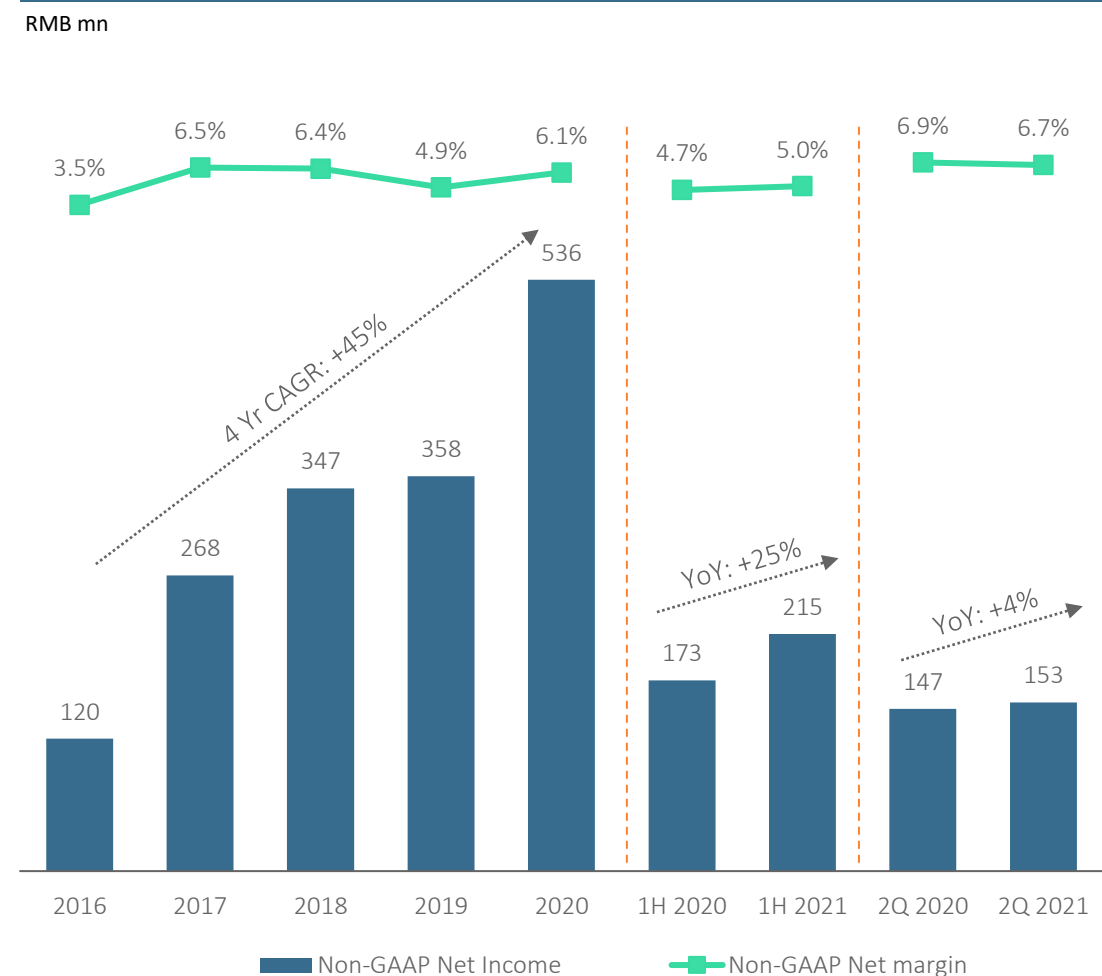
Healthy and Sustainable Profitability



Non-GAAP income from operations (1)



Non-GAAP net income (2)

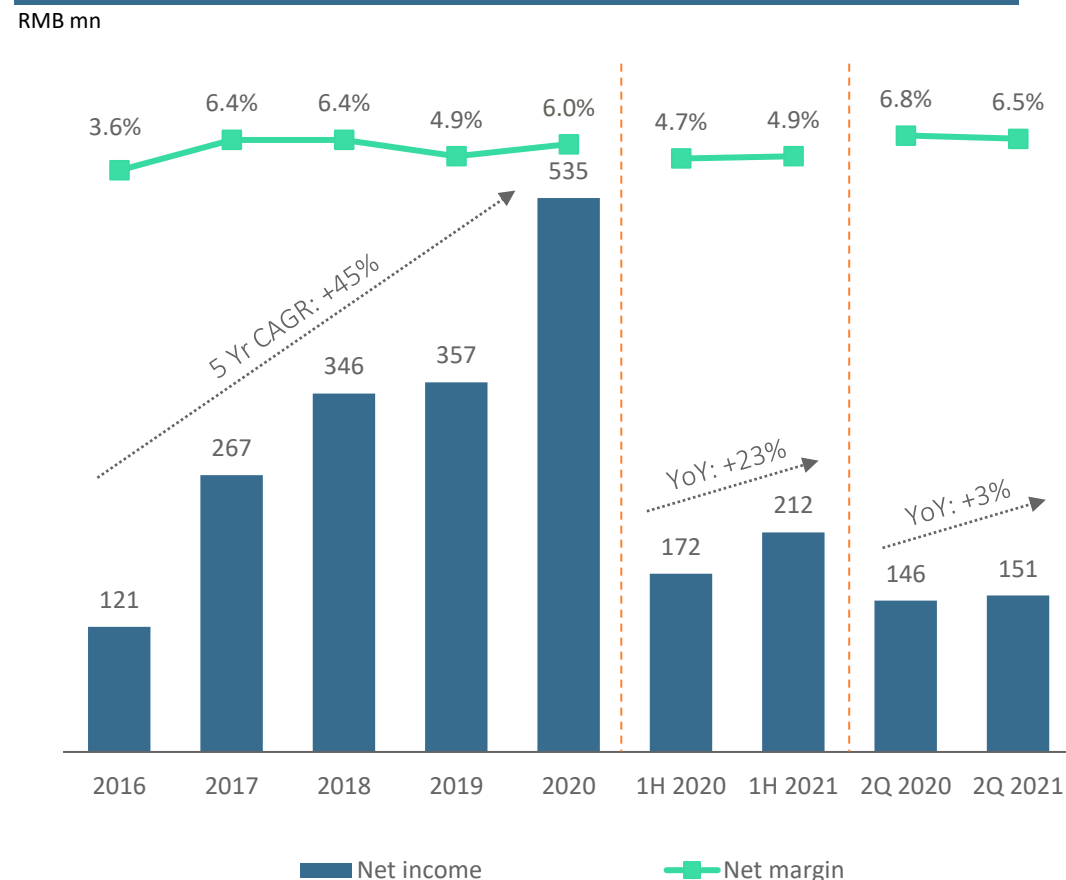


(1) Non-GAAP income from operations is a non-GAAP financial measure, which is defined as income from operations excluding share-based compensation expenses and amortization of intangible assets resulting from business acquisition. Non-GAAP operating margin is non-GAAP income from operations as a percentage of total net revenues

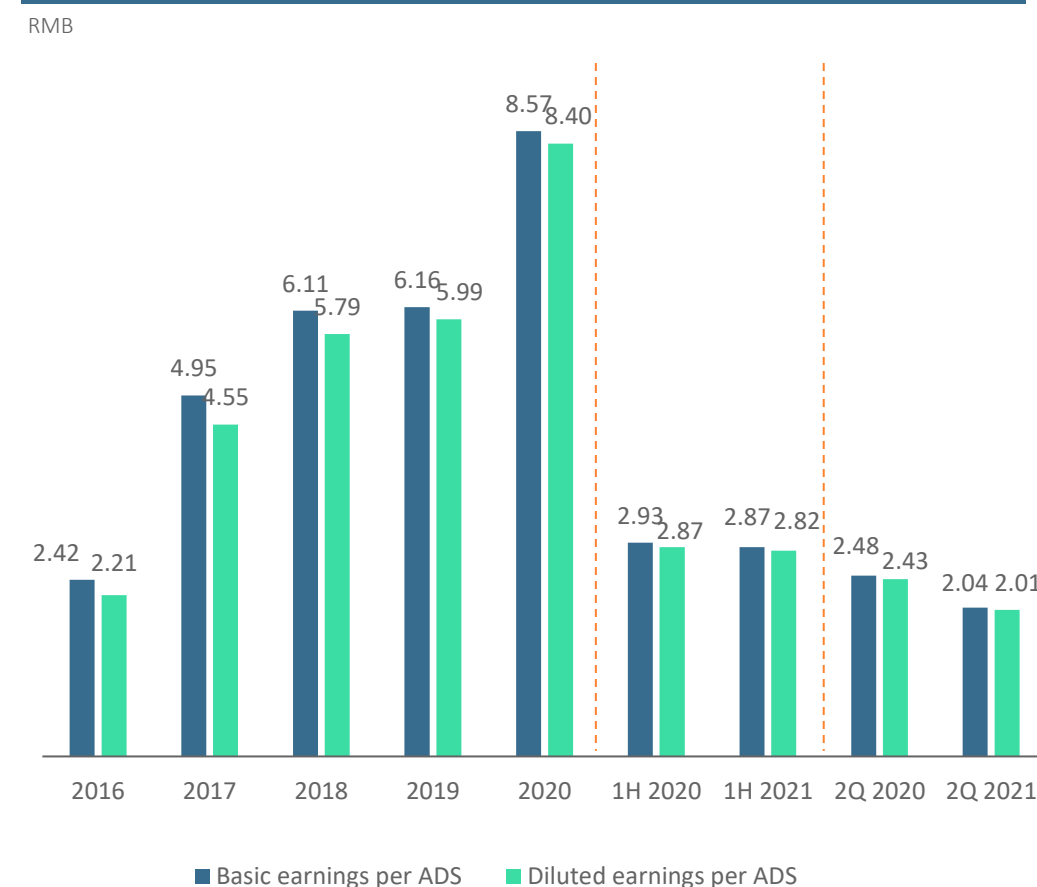
(2) Non-GAAP net income is net income excluding the impact of share-based compensation expenses, amortization of intangible assets resulting from business acquisition and unrealized investment loss. Non-GAAP net margin is non-GAAP net income as a percentage of total net revenues

Healthy and Sustainable Profitability (Cont'd)

Non-GAAP net income attributable to Ordinary Shareholders of Baozun ⁽¹⁾



Basic and Diluted non-GAAP net income attributable to Ordinary Shareholders of Baozun Inc. per ADS ⁽²⁾

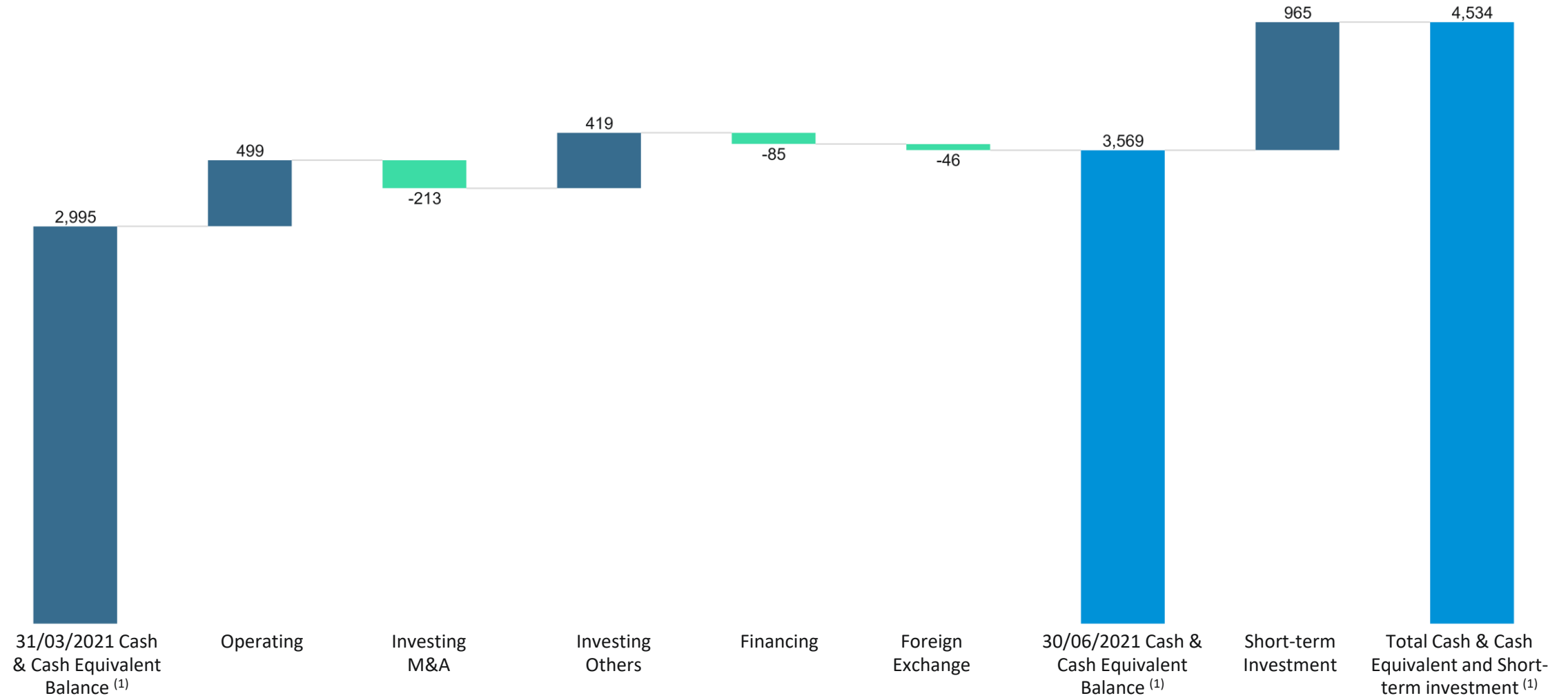


(1) Non-GAAP net income attributable to ordinary shareholders of Baozun Inc. is net income attributable to ordinary shareholders of Baozun Inc. excluding the impact of share-based compensation expenses, amortization of intangible assets resulting from business acquisition and unrealized investment loss. Non-GAAP net margin is non-GAAP net income attributable to ordinary shareholders of Baozun Inc. as a percentage of total net revenues

(2) Basic and diluted non-GAAP net income attributable to ordinary shareholders of Baozun Inc. per ADS are non-GAAP financial measures, which are defined as non-GAAP net income attributable to ordinary shareholders of Baozun Inc. divided by weighted average number of shares used in calculating basic and diluted net income per ordinary share multiplied by three, respectively

Positive Operating Cash Flow and Sufficient Cash Reserves

RMB Mn



(1) Including cash, cash equivalents and restricted cash



Appendix



Consolidated Statements of Income

Selected Consolidated Statements of Income

in RMB '000	For the year ended December 31,			For the six months ended June 30,		For the three months ended June 30,	
	2018	2019	2020	2020	2021	2020	2021
Product sales	2,516,862	3,422,151	3,906,611	1,628,931	1,943,919	927,799	972,077
Services	2,876,175	3,856,041	4,944,952	2,046,775	2,380,694	1,224,267	1,332,040
Total net revenues	5,393,037	7,278,192	8,851,563	3,675,706	4,324,613	2,152,066	2,304,117
Operating expenses:							
Cost of products	(2,034,852)	(2,774,342)	(3,326,243)	(1,365,889)	(1,636,918)	(775,783)	(814,617)
Fulfilment	(1,262,302)	(1,678,191)	(2,259,176)	(988,339)	(1,068,379)	(575,323)	(560,382)
Sales and marketing	(1,338,970)	(1,815,642)	(2,130,667)	(888,136)	(1,118,875)	(521,969)	(648,233)
Technology and content	(268,973)	(392,951)	(409,870)	(198,140)	(208,404)	(102,258)	(115,421)
General and administrative	(154,845)	(215,660)	(224,045)	(103,827)	(177,585)	(53,892)	(97,960)
Other operating income (expense), net	22,678	(17,753)	57,115	42,067	45,093	37,802	39,130
Total operating expenses	(5,037,264)	(6,894,539)	(8,292,886)	(3,502,264)	(4,165,068)	(1,991,423)	(2,197,483)
Income from operations	355,773	383,653	558,677	173,442	159,545	160,643	106,634
Other income (expenses):							
Interest income	8,017	42,614	41,373	19,670	37,125	9,090	19,404
Interest expense	(13,058)	(61,316)	(66,124)	(36,019)	(26,507)	(18,112)	(13,285)
Unrealized investment loss	(9,021)	(9,021)	(10,800)	-	(54,605)	-	(17,254)
Impairment loss of investments	-	-	-	-	(3,541)	-	(3,541)
Exchange gain (loss)	(5,991)	(7,663)	25,725	(4,589)	17,992	274	24,747
Income before income tax and share of income (loss) in equity method investment	335,720	348,267	548,851	152,504	130,009	151,895	116,705
Income tax expense	(64,953)	(71,144)	(127,787)	(32,517)	(47,092)	(29,107)	(35,470)
Share of income (loss) in equity method investment	(996)	4,768	5,470	2,741	1,037	(1,719)	587
Net Income	269,771	281,891	426,534	122,728	83,954	121,069	81,822

Consolidated Balance Sheet

Selected Consolidated Balance Sheet Data

in RMB '000	For the year ended December 31,			For the three months ended June 30,
	2018	2019	2020	2021
ASSETS				
Cash and cash equivalents	457,340	1,144,451	3,579,665	3,391,749
Restricted cash	125,515	382,359	151,354	177,549
Accounts receivable, net ⁽¹⁾	1,547,631	1,800,896	2,188,977	1,994,697
Inventories, net ⁽¹⁾	650,348	896,818	1,026,038	991,645
TOTAL ASSETS ⁽¹⁾	4,015,824	7,096,600	10,474,691	10,844,720
LIABILITIES AND SHAREHOLDERS' EQUITY				
Accounts payable	886,340	877,093	421,562	515,082
Short-term loan	436,200	428,490	—	—
Long-term loan	68,753	1,859,896	1,762,847	1,755,164
TOTAL LIABILITIES ⁽¹⁾	1,820,808	4,496,829	4,332,088	4,536,881
Baozun Inc. shareholders' equity	2,177,543	2,568,731	6,111,021	6,163,699
TOTAL LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY ⁽¹⁾	4,015,824	7,096,600	10,474,691	10,844,720

(1) Certain reclassifications in accounts receivable, inventories, prepayments and other current assets and accrued expenses and other current liabilities were retrospectively adjusted as a result of the adoption of a new revenue accounting standard effective on January 1, 2018

Reconciliations of GAAP and non-GAAP Financial Measures

In RMB '000	For the year ended December 31,					For the six months ended June 30,		For the three months ended June 30,	
	2016	2017	2018	2019	2020	2020	2021	2020	2021
Income from operations	90,066	256,332	355,773	383,653	558,677	173,442	159,545	160,643	106,634
Add: Share-based compensation expenses	34,185	58,231	75,862	75,183	108,440	49,657	74,161	26,060	51,709
Amortization of intangible assets resulting from business acquisition	—	782	1,564	1,564	1,564	782	3,695	391	3,304
Non-GAAP income from operations	124,251	315,345	433,199	460,400	668,681	223,881	237,401	187,094	161,647
Net income	85,424	209,130	269,771	281,891	426,534	122,728	83,954	121,069	81,822
Add: Share-based compensation expenses	34,185	58,231	75,862	75,183	108,440	49,657	74,161	26,060	51,709
Amortization of intangible assets resulting from business acquisition	—	782	1,564	1,564	1,564	782	3,695	391	3,304
Investment loss	—	—	—	—	—	—	54,605	—	17,254
Less: Tax effect of amortization of intangible assets resulting from business acquisition	—	(196)	(392)	(392)	(392)	(196)	(924)	(98)	(826)
Non-GAAP net income	119,609	267,947	346,805	358,246	536,146	172,971	215,491	147,422	153,263
Net income attributable to ordinary shareholders of Baozun Inc.	86,633	208,866	269,712	281,297	425,992	122,010	81,021	119,771	79,766
Add: Share-based compensation expenses	34,185	58,231	75,862	75,183	108,440	49,657	74,161	26,060	51,709
Amortization of intangible assets resulting from business acquisition	—	398	796	796	796	398	3,026	199	2,827
Investment loss	—	—	—	—	—	-	54,605	—	17,254
Less: Tax effect of amortization of intangible assets resulting from business acquisition	—	(100)	(200)	(200)	(200)	(100)	(757)	(50)	(707)
Non-GAAP net income attributable to ordinary shareholders of Baozun Inc.	120,818	267,395	346,170	357,076	535,028	171,965	212,056	145,980	150,849



Thank You!

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