

A vibrant aurora borealis (northern lights) display in shades of green and purple, arching across a starry night sky. The scene is set over a snow-covered mountain range, with the aurora's glow reflecting on the snow. The overall atmosphere is serene and majestic.

# 3Q21 Earnings Presentation

November 2021

**BAO | ZUN**

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This presentation contains forward-looking statements, including statements about timing and results of any current or proposed M&A activity of the Company, the Company’s ability to execute on its strategic plan, the future impact of the Better Cotton Initiative on the Company, the impact of the Company’s middle office, and statements about the Company’s historical results that may suggest trends for its business. These statements are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements can be recognized by the use of words such as “expects,” “plans,” “will,” “estimates,” “projects,” “intends,” “anticipates,” “believes,” “confident” or words of similar meaning. These forward-looking statements are based on estimates and information available to the Company, as of the date of this presentation, and are not guarantees of future performance. These forward-looking statements are based on a number of assumptions which are subject to known and unknown risks, uncertainties and other factors that are beyond the Company’s control, such as the political, social, legal and economic environment in which the Company will operate in the future. Accordingly, actual results, performance or achievements may differ materially from those expressed or implied by these forward-looking statements and future results could materially differ from historical performance. Nothing contained in this presentation shall be relied upon as a promise or representation as to the past or future performance of the Company. The Company, its officers, advisors, or representatives undertake no obligation to update or revise these forward-looking statements for events or circumstances that occur subsequent to the date of this presentation, except as required under law. Please see the Company’s various other public disclosure documents for a detailed discussion of those risks and uncertainties.

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 3Q Financial Highlights



GMV<sup>(1)</sup>

RMB 16.1 bn  
+48% YoY



Revenue

RMB 1.9 bn  
+4% YoY



Non-GAAP Income  
from Operations<sup>(2)</sup>

RMB (84) mn



Non-GAAP  
Net Income

RMB (87) mn

One-off adjusted<sup>(3)</sup>

RMB 2 mn

RMB (1) mn

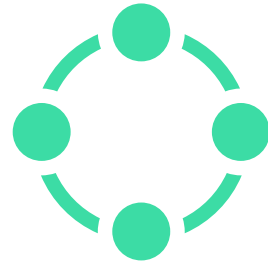
(1) Gross merchandise volume for the quarter of 2021 Q3, includes value added tax and excludes (i) shipping charges, (ii) surcharges and other taxes, (iii) value of the goods that are returned and (iv) deposits for purchases that have not been settled  
(2) Non-GAAP income from operations is a non-GAAP financial measure, which is defined as income from operations excluding share-based compensation expenses and amortization of intangible assets resulting from business acquisition  
(3) Adding back for one-off account receivable write-down of RMB86mn in 3Q21

# 2021 3Q Overall Business Recap



## Category Highlights

- Outperforming categories – Electronics, FMCG
- Underperformers: Apparel & Appliances
- Modest recovery for international sportswear brands
- Structural opportunities- Luxury, premium and sub-verticals of sportswear



## Omni-Channel Expansion

- Strong momentum in new store openings from non-TMALL channels – net add of 54
- Nearly tripled GMV in JD
- Higher recurring revenue stream from store operation & marketing for mini-program
- Trial periods with over 2 dozens brands for Douyin



## Technology Enhancement

- Omni-channel integration enabled upgrades and iterations
- Upgraded system for Personal Identification Information Protection (OMS, CRM, LMIS&WMS&SD, etc)
- Middle-office functionality enhancement - Service Anywhere (S-ANY)



## Commitment to Sustainable Growth

- Solid progress of M&As, with initial contributions enhancing business resilience
- Ramping up of Regional Service Centers, with meaningful cost optimization potential for 2022
- Continuous talents investment, and moved to new Headquarters
- ESG MSCI rating upgraded to “A”



# Upgrade technological infrastructure



## System Upgrade



Upgrade core e-commerce infrastructure to be more omni-channel oriented



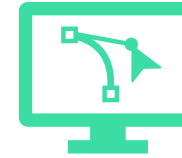
Upgrade system for Personal Identity Information Protection (PII) to ensure compliance



Upgrade Order Management System (OMS) and Warehouse Management System (WMS) to ensure smooth order fulfillment reflection PII protection



Upgrade CRM system for better user engagement

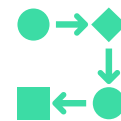


Integrate technology with operation to improve operating efficiency and flexibility, reduce costs



### S-ANY

Self-developed intelligent customer service management system – Service Anywhere (“S-ANY”)



Workflow dispatchment



Workforce management



Customer Inquiries



Utilization Rate



Alert



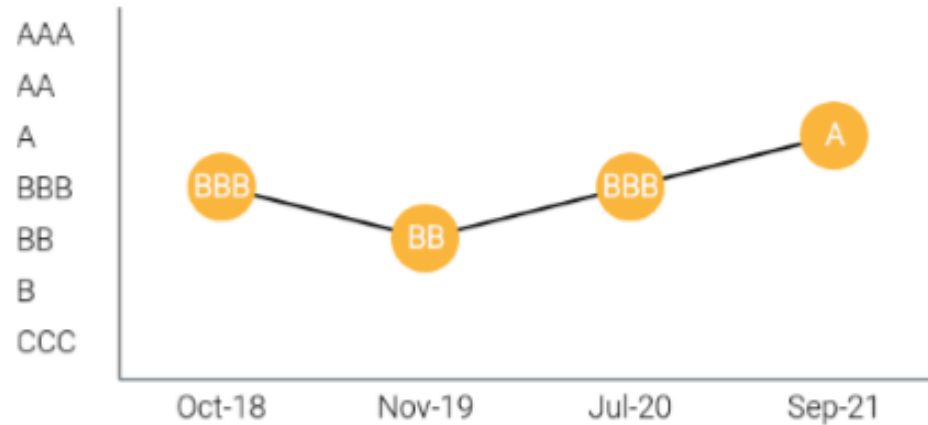
Training

# Baozun MSCI ESG Rating Upgrade to "A"



LAST UPDATE: September 23, 2021

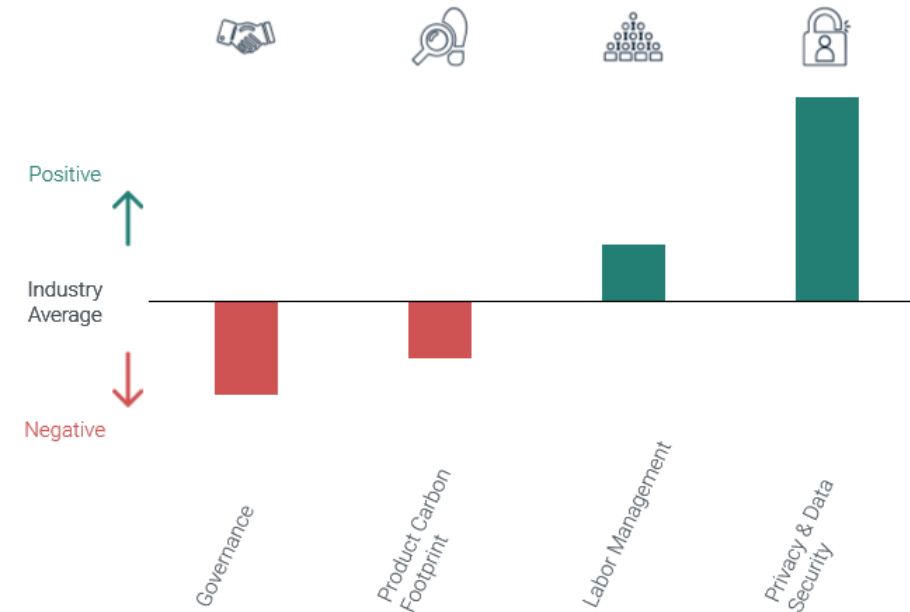
## ESG Rating history



ESG Rating history shows five most recent rating actions

## Score attribution by key issue

This chart highlights the company's positioning relative to the industry average for each Key Issue that contributed to its ESG Rating as of September 23, 2021.



## Last ESG Rating action

Rating action date: September 23, 2021

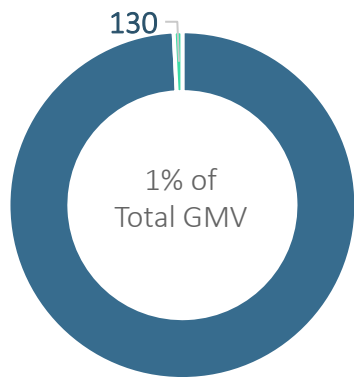
Baozun has been upgraded to 'A' from 'BBB'.

The upgrade reflects improvements in Baozun's data security initiatives, which appear to lead those of industry peers. The decreasing trend, from FY 2018 to FY 2020, in the value of the company's related-party transactions with a non-controlling owner, also supports the upgrade. Despite this, we note Baozun lags industry peers on governance.

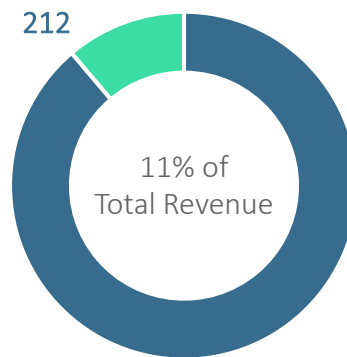
Analyst: MSCI ESG Research



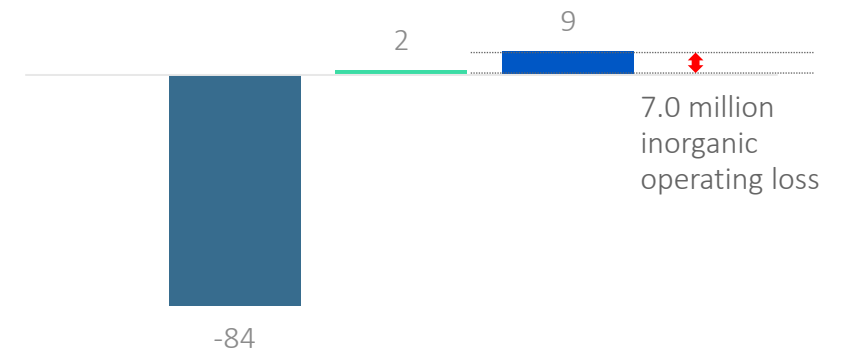
GMV



Revenue



Non-GAAP Income from Operations



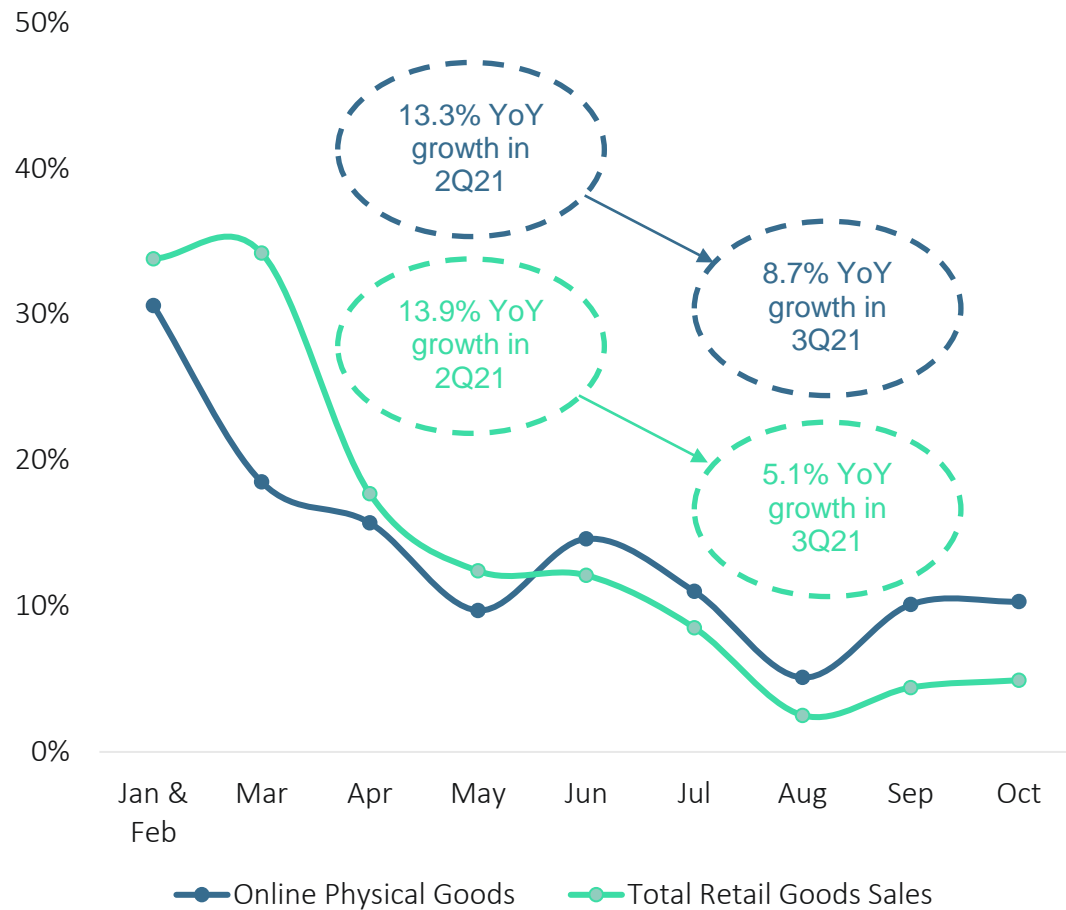
■ Consolidation     ■ One-off Adjusted  
■ Organic fundamental

Amounts in RMB million

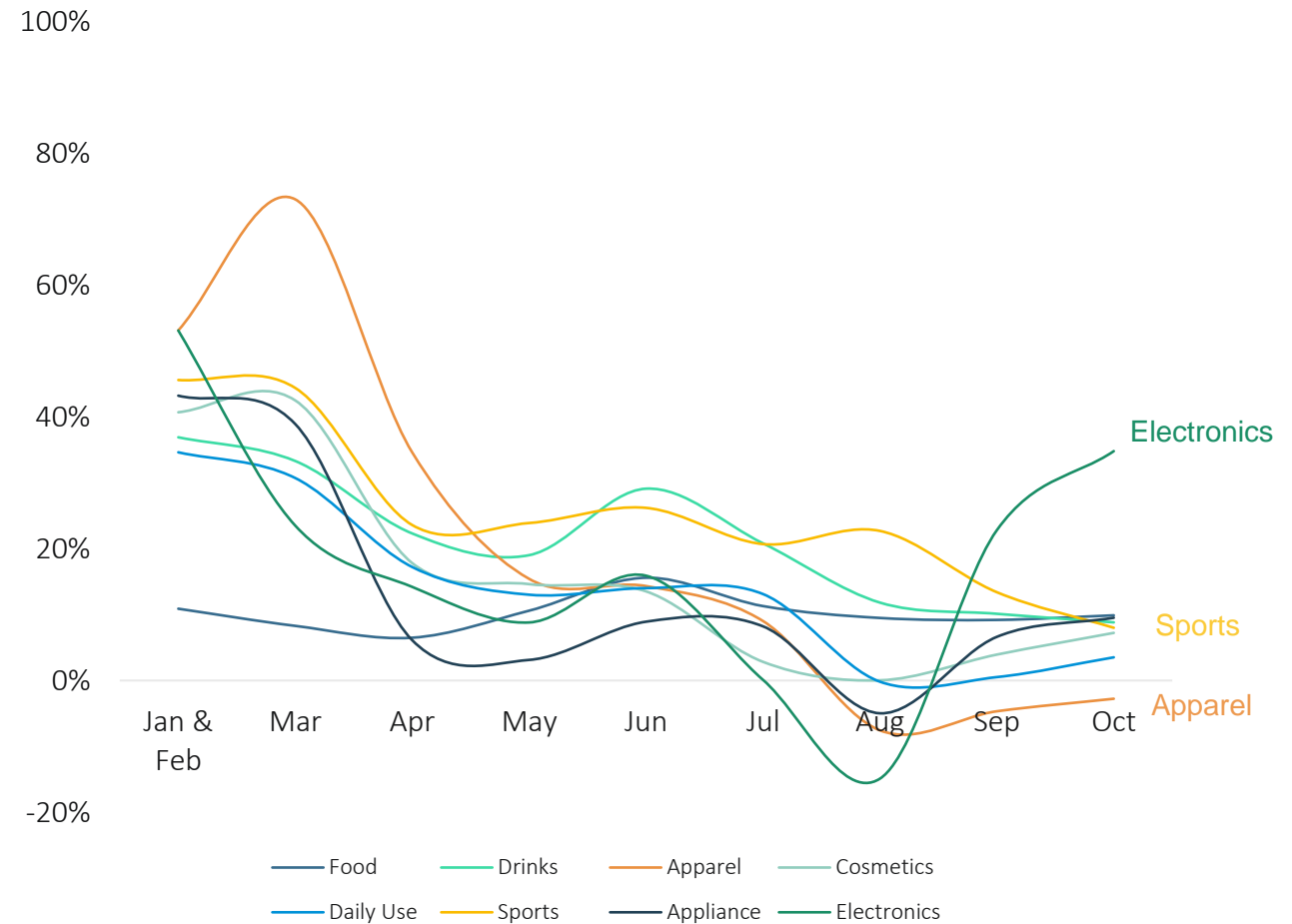
# China's Weaker Macroeconomy and Consumption Sentiment

Slower Growth for online retail sales across certain categories

Monthly Retail Sales of Goods YoY Growth



Retail Sales YoY Growth by Category



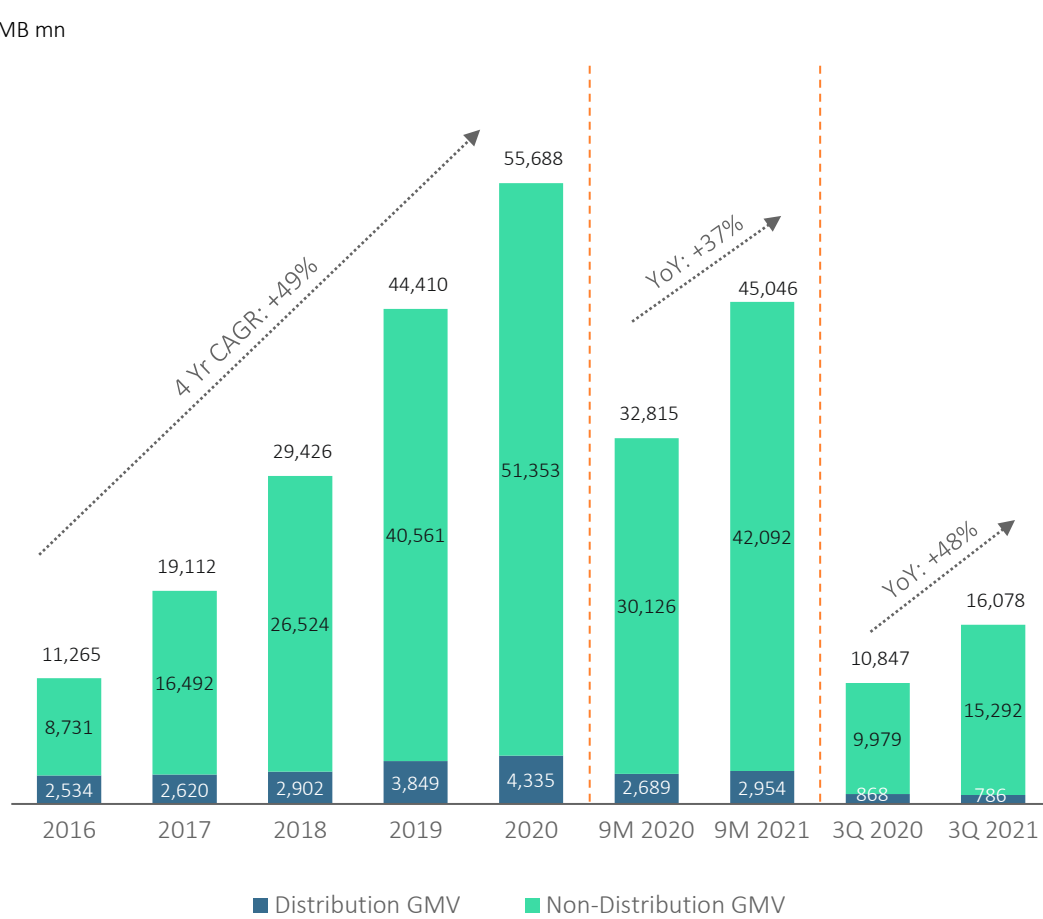
Source: National Bureau of Statistics



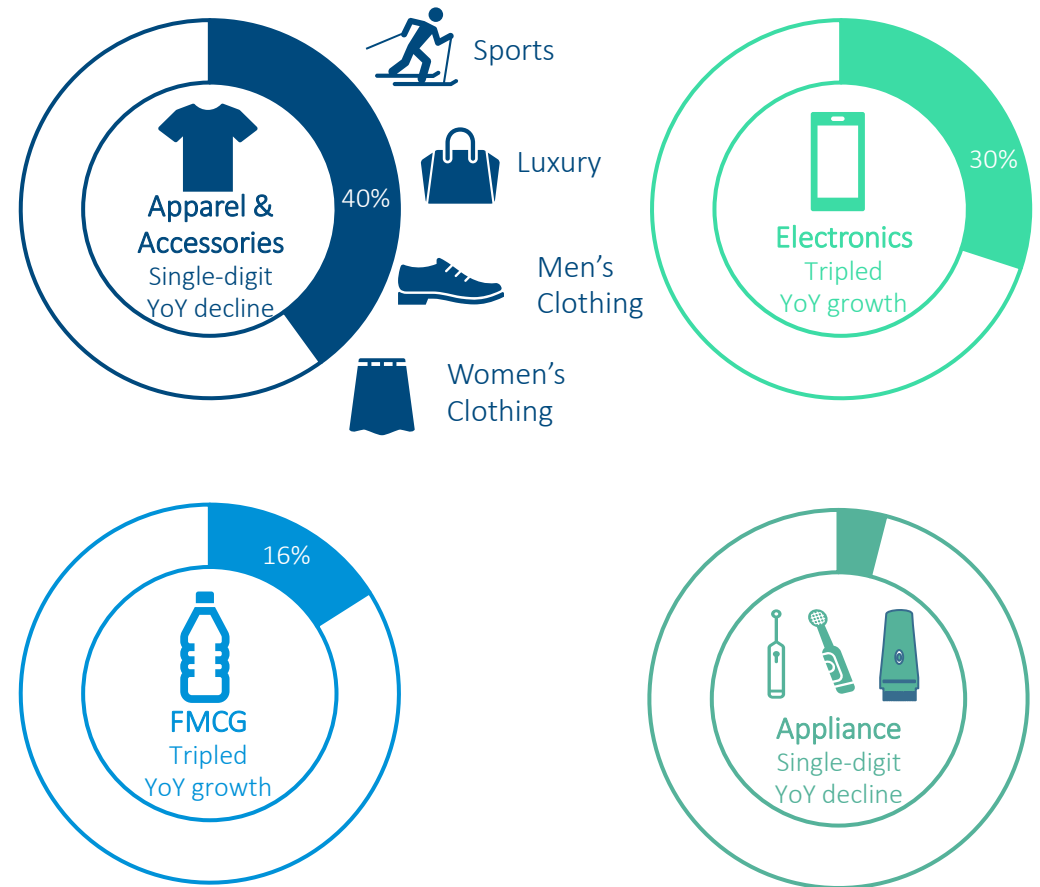
# Mixed GMV Growth

## Total GMV (1)

RMB mn



## GMV by Category (for 9M21)

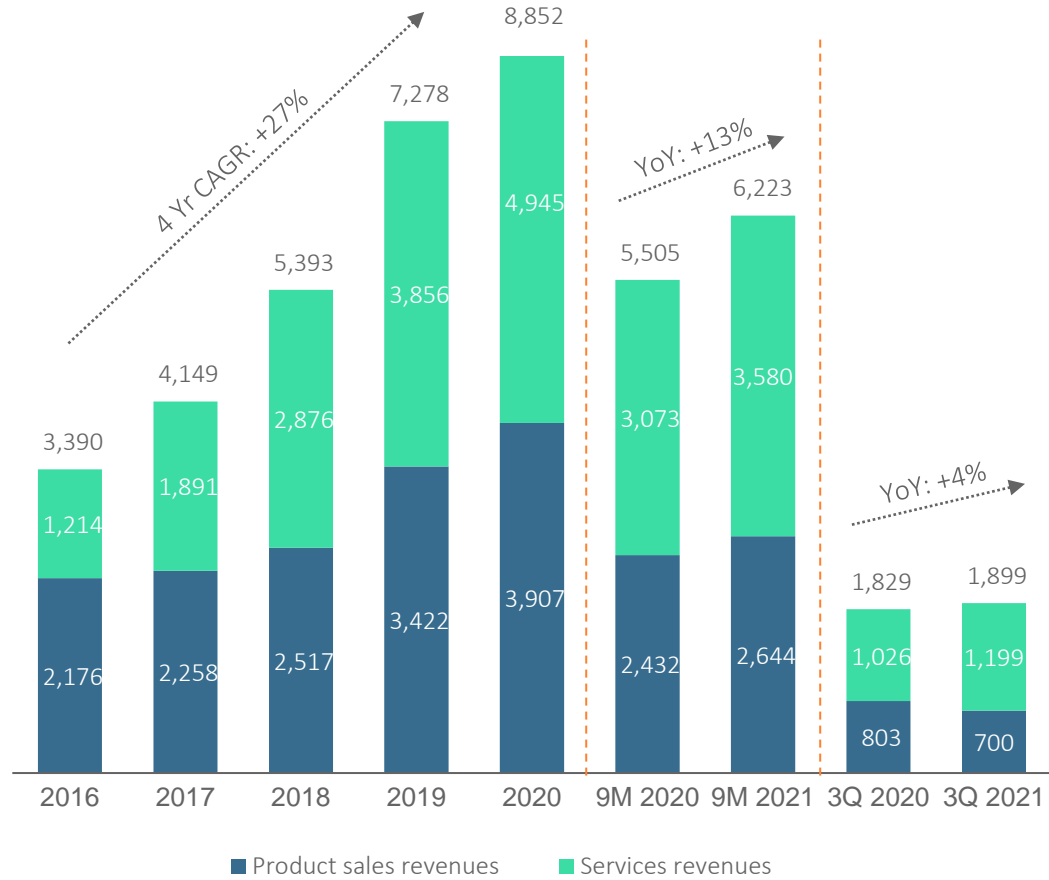


(1) Gross merchandise volume includes value added tax and excludes (i) shipping charges, (ii) surcharges and other taxes, (iii) value of the goods that are returned and (iv) deposits for purchases that have not been settled

# Sustained Revenue Growth

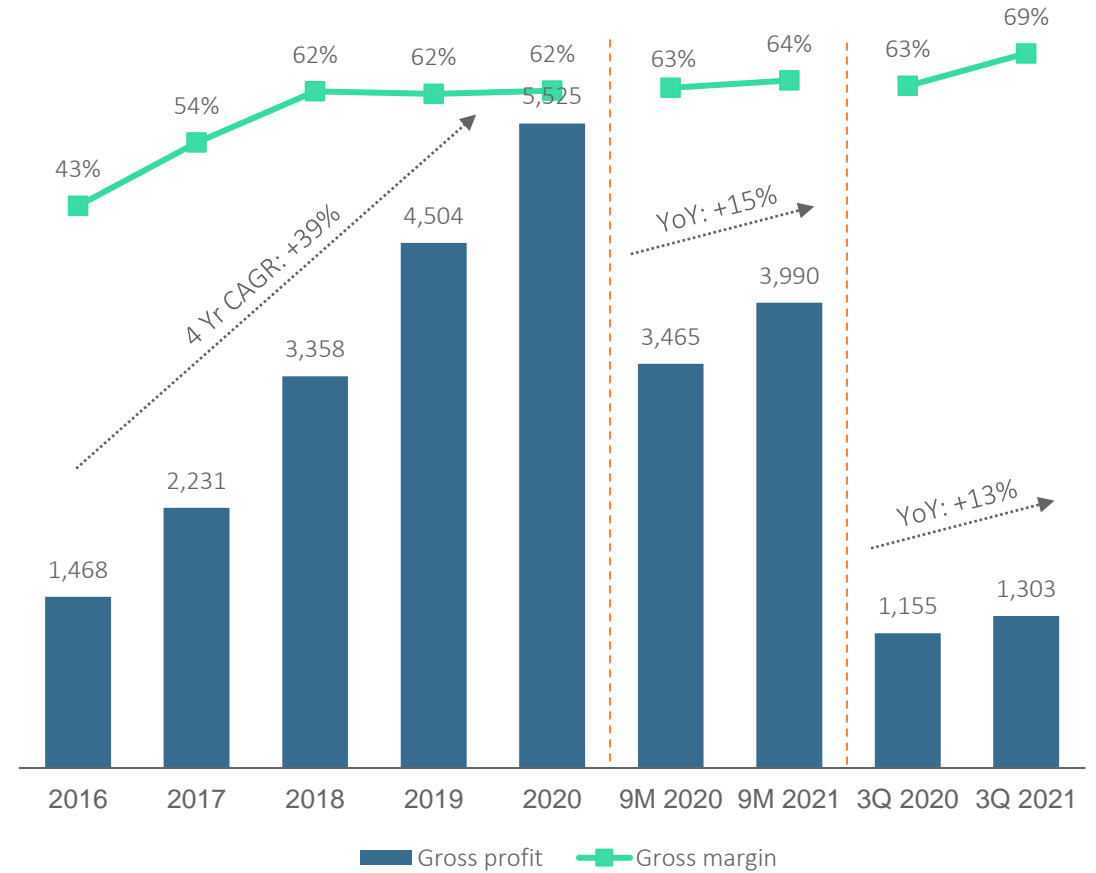
## Total net revenues

RMB mn



## Gross profit (1)

RMB mn

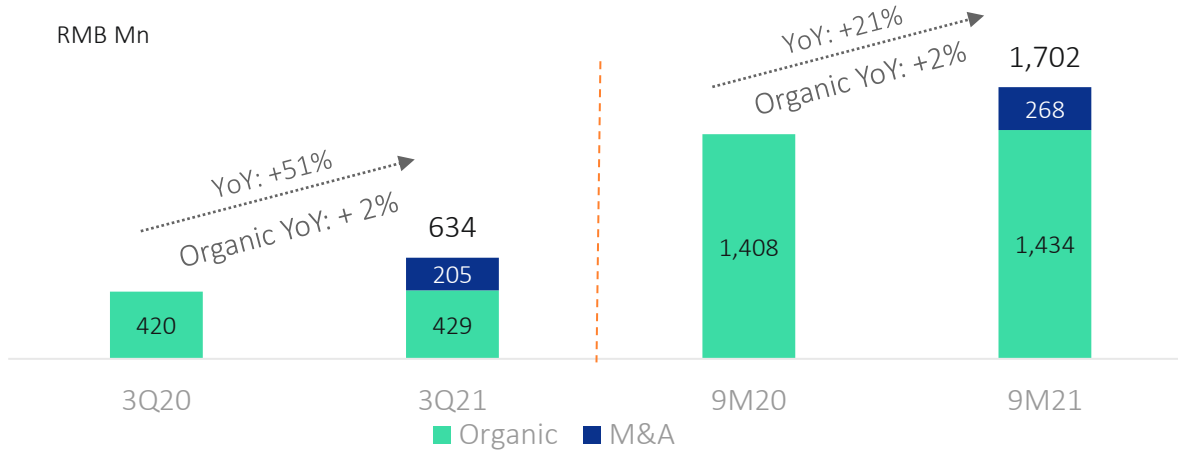


(1) Gross profit equals total net revenues minus cost of products. Gross margin equals gross profit divided by total net revenues

# Operating Expenses <sup>(1)</sup> Trend

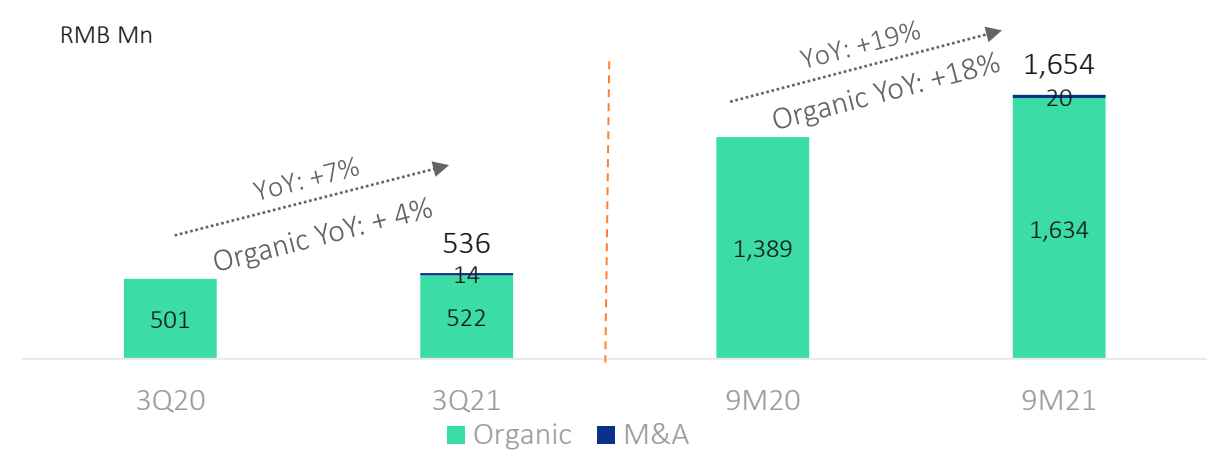
## Fulfillment Expenses

RMB Mn



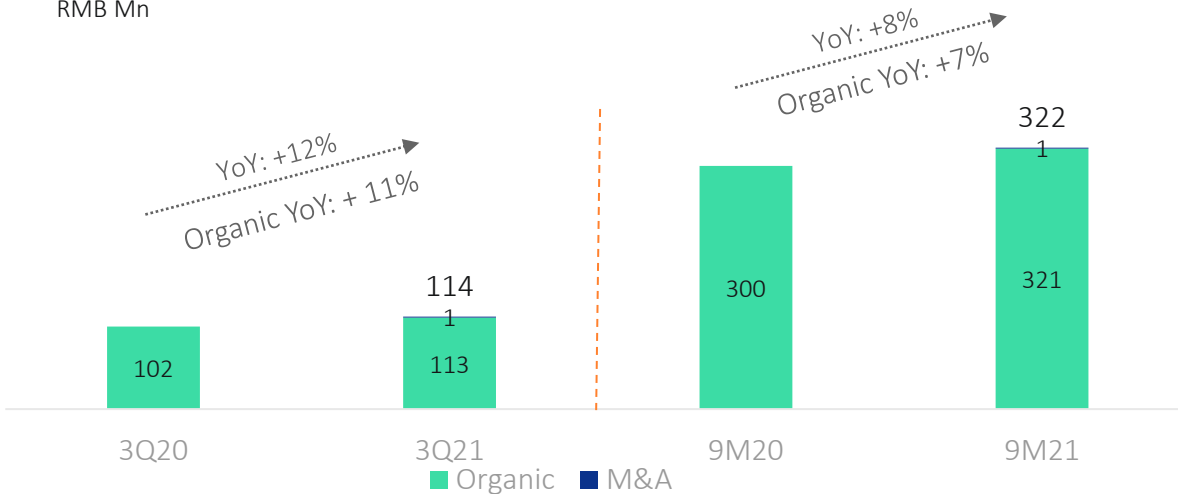
## Marketing Expenses

RMB Mn



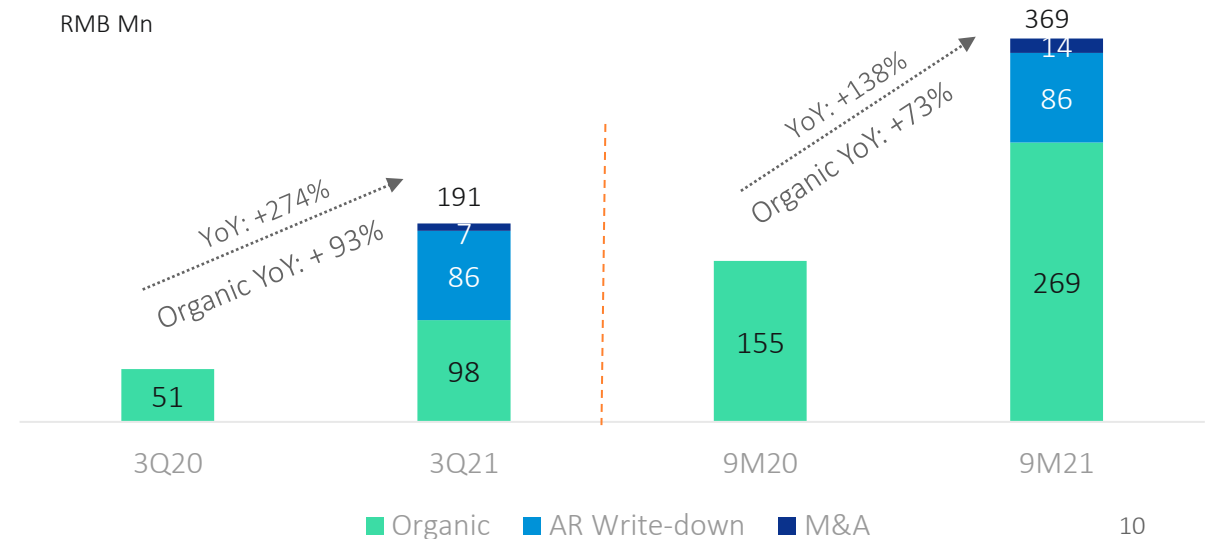
## Technology and Content Expenses

RMB Mn



## General and Administrative Expenses

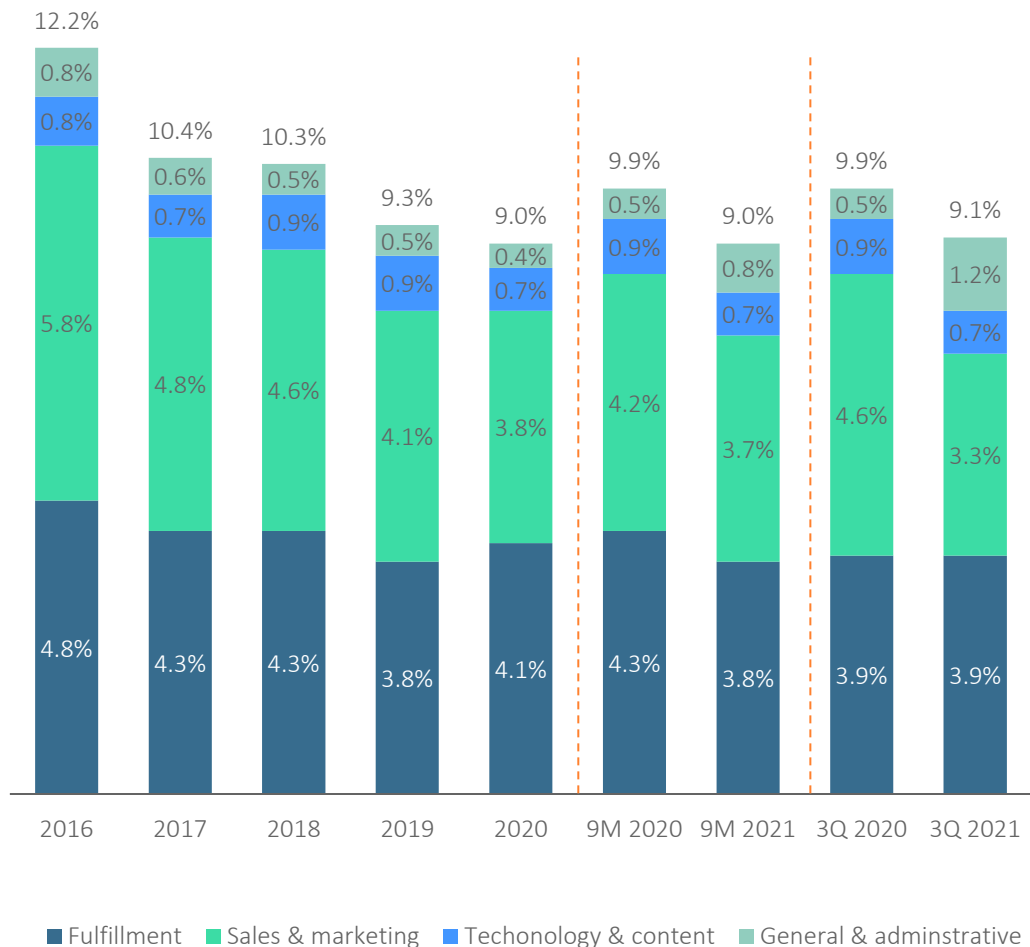
RMB Mn



(1) The breakdown of the operating expenses by organic growth, M&A and AR write-down is based on the Company's management account

# Optimizing Cost Structure and Driving Operational Efficiency

## Operating expenses breakdown (as % of total GMV)



## Operating expense analysis



Fulfillment 634MM  
YoY GMV% 3.9%→3.9%

- Incremental cost of 205MM from M&A (BolTone & Baobida)
- Less outbound orders for the quarter impacted by BCI & weak consumption
- Efficiency improvement



Sales & Marketing 536MM  
YoY GMV% 4.6%→3.3%

- Expansion in headcount along with rising business scale
- Growing digital marketing services
- Efficiency improvement



Technology & Content 114MM  
YoY GMV 0.9%→0.7%

- Reduction of 3MM QoQ due to efficiency improvement
- Rise in staff cost for incremental IT investment YoY

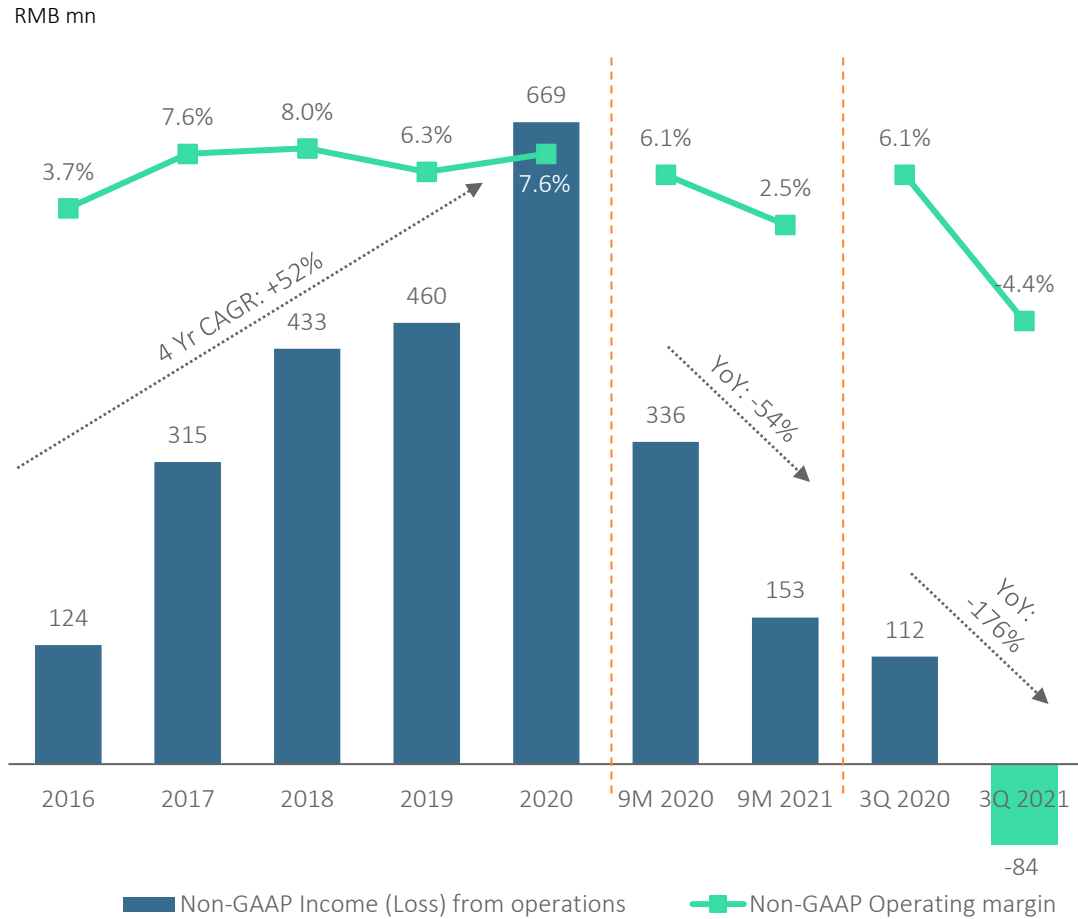


G&A 191MM  
YoY GMV 0.5%→1.2%

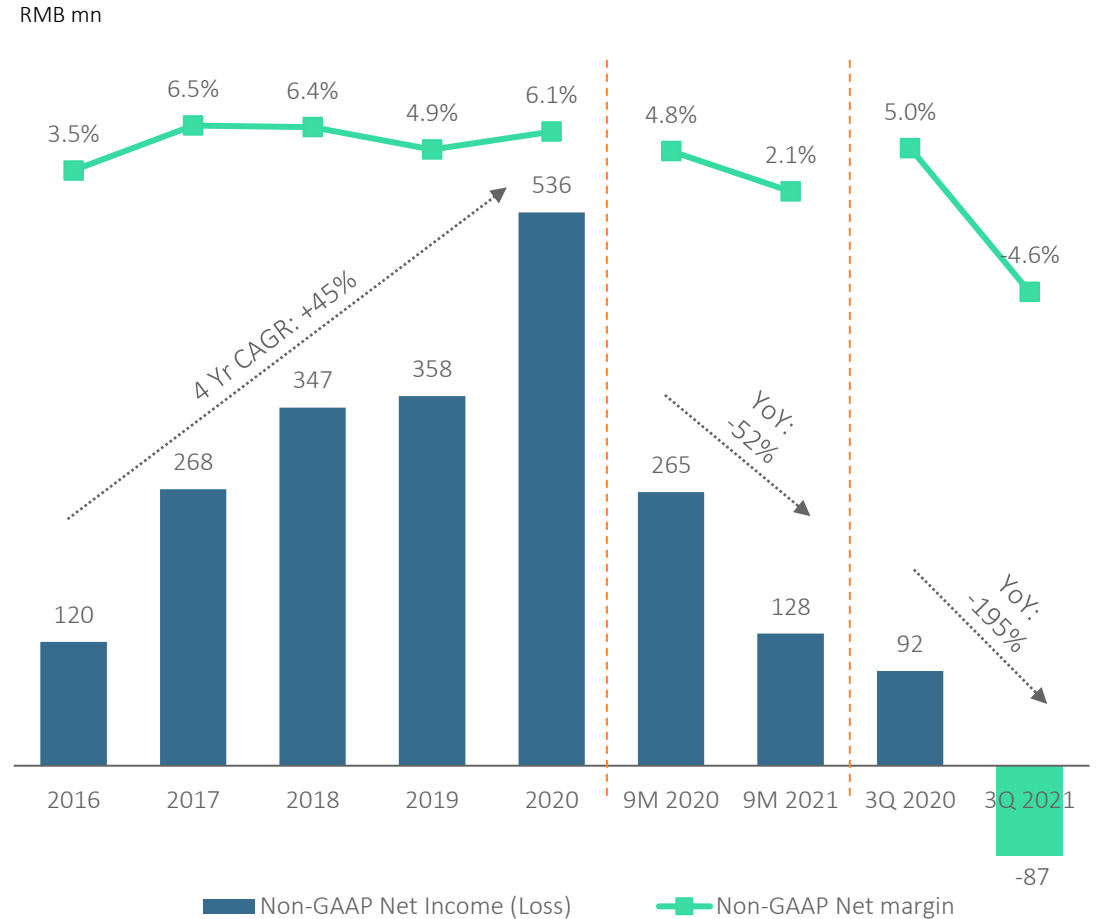
- Write-down of 86MM for account receivables
- Investment in talent recruitment and retention
- Increase in rental expenses for new headquarters

# Profitability Trend

## Non-GAAP income (loss) from operations <sup>(1)</sup>



## Non-GAAP net income (loss) <sup>(2)</sup>



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

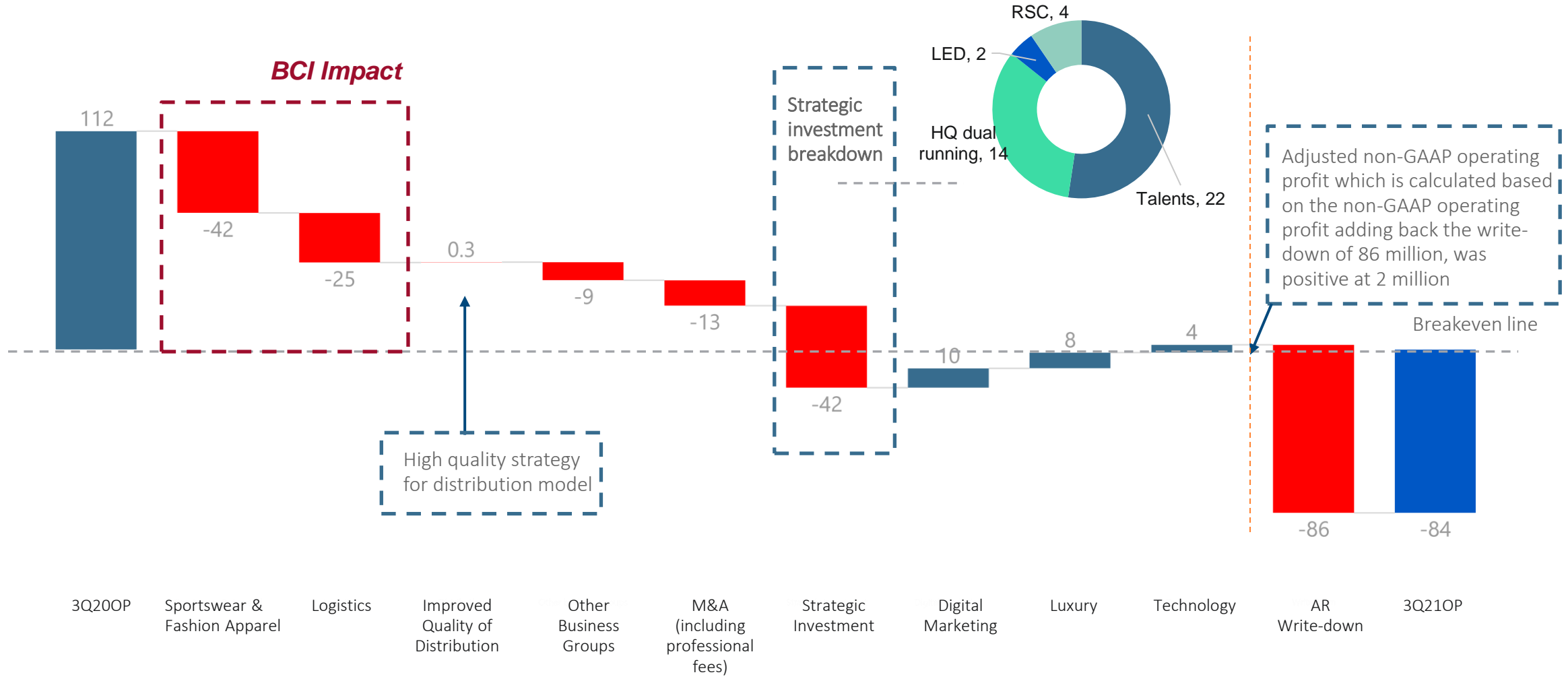
(2) Non-GAAP net income is net income (loss) excluding the impact of share-based compensation expenses, amortization of intangible assets resulting from business acquisition and unrealized investment loss. Non-GAAP net margin is non-GAAP net income (loss) as a percentage of total net revenues



# Profits Walk 3Q20 vs 3Q21 amid Weak Macro-environment

## Non-GAAP Operating Profit Bridge <sup>(1)</sup>

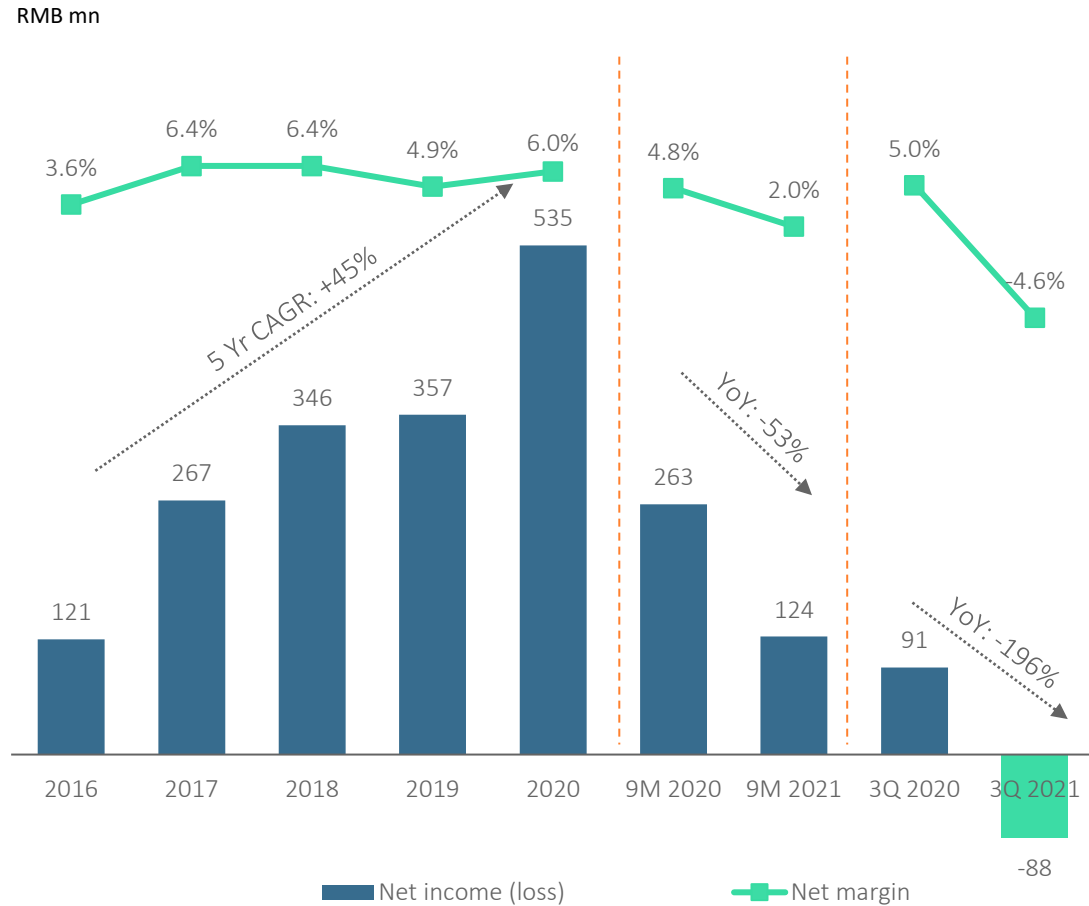
RMB Mn



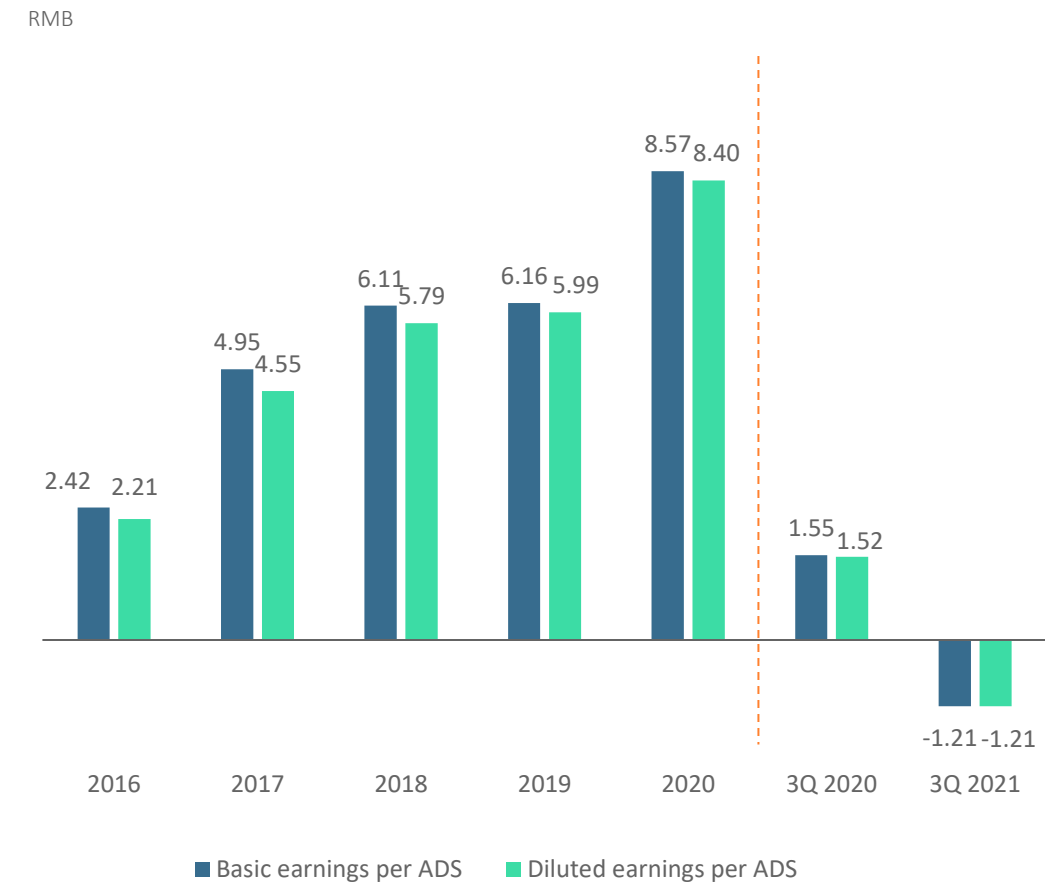
(1) Except for the 2020 Q3 non-GAAP operating profit and 2021 Q3 non-GAAP operating profit, all the other financial information on this slide is based on the Company's management account

# Profitability Trend (Cont'd)

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



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

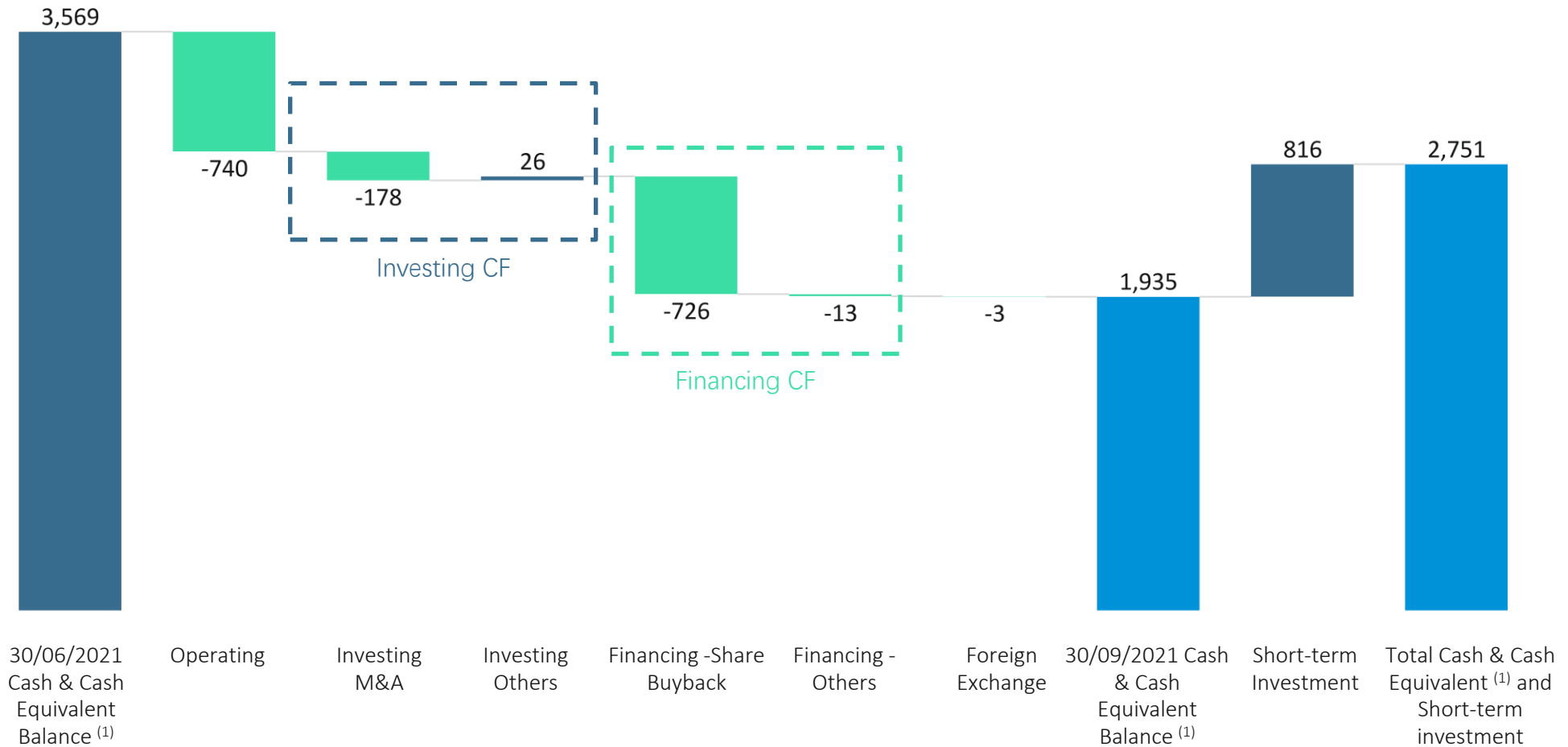


(1) Non-GAAP net income (loss) attributable to ordinary shareholders of Baozun Inc. is net income (loss) attributable to ordinary shareholders of Baozun Inc. excluding the impact of share-based compensation expenses, amortization of intangible assets resulting from business acquisition and unrealized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

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

RMB Mn

## BZUN FY2021Q3 Cash Flow Bridge



(1) Including cash, cash equivalents and restricted cash

# Q&A





Appendix





# Consolidated Statements of Income

## Selected Consolidated Statements of Income

in RMB '000	For the year ended December 31,			For the three months ended September 30,	
	2018	2019	2020	2020	2021
Product sales	2,516,862	3,422,151	3,906,611	803,434	699,645
Services	2,876,175	3,856,041	4,944,952	1,025,725	1,199,120
<b>Total net revenues</b>	<b>5,393,037</b>	<b>7,278,192</b>	<b>8,851,563</b>	<b>1,829,159</b>	<b>1,898,765</b>
<b>Operating expenses:</b>					
Cost of products	(2,034,852)	(2,774,342)	(3,326,243)	(673,695)	(596,047)
Fulfilment	(1,262,302)	(1,678,191)	(2,259,176)	(419,846)	(633,884)
Sales and marketing	(1,338,970)	(1,815,642)	(2,130,667)	(501,145)	(535,570)
Technology and content	(268,973)	(392,951)	(409,870)	(101,582)	(113,946)
General and administrative	(154,845)	(215,660)	(224,045)	(51,051)	(191,069)
Other operating income (expense), net	22,678	(17,753)	57,115	2,767	15,226
<b>Total operating expenses</b>	<b>(5,037,264)</b>	<b>(6,894,539)</b>	<b>(8,292,886)</b>	<b>(1,744,552)</b>	<b>(2,055,290)</b>
<b>Income (loss) from operations</b>	<b>355,773</b>	<b>383,653</b>	<b>558,677</b>	<b>84,607</b>	<b>(156,525)</b>
<b>Other income (expenses):</b>					
Interest income	8,017	42,614	41,373	8,024	16,744
Interest expense	(13,058)	(61,316)	(66,124)	(16,008)	(14,238)
Unrealized investment loss	(9,021)	(9,021)	(10,800)	-	(134,327)
Impairment loss of investments	-	-	-	(800)	-
Exchange gain (loss)	(5,991)	(7,663)	25,725	4,770	1,508
<b>Income (loss) before income tax and share of income (loss) in equity method investment</b>	<b>335,720</b>	<b>348,267</b>	<b>548,851</b>	<b>80,593</b>	<b>(286,838)</b>
Income tax expense	(64,953)	(71,144)	(127,787)	(19,319)	(6,349)
Share of income (loss) in equity method investment	(996)	4,768	5,470	3,696	177
<b>Net Income (loss)</b>	<b>269,771</b>	<b>281,891</b>	<b>426,534</b>	<b>64,970</b>	<b>(293,010)</b>

# Consolidated Balance Sheet

## Selected Consolidated Balance Sheet Data

in RMB '000	For the year ended December 31,			As of September 30
	2018	2019	2020	2021
<b>ASSETS</b>				
Cash and cash equivalents	457,340	1,144,451	3,579,665	1,921,459
Restricted cash	125,515	382,359	151,354	13,553
Accounts receivable, net <sup>(1)</sup>	1,547,631	1,800,896	2,188,977	1,855,132
Inventories, net <sup>(1)</sup>	650,348	896,818	1,026,038	1,097,704
<b>TOTAL ASSETS <sup>(1)</sup></b>	<b>4,015,824</b>	<b>7,096,600</b>	<b>10,474,691</b>	<b>9,772,440</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Accounts payable	886,340	877,093	421,562	304,975
Short-term loan	436,200	428,490	—	—
Long-term loan	68,753	1,859,896	1,762,847	1,759,375
<b>TOTAL LIABILITIES <sup>(1)</sup></b>	<b>1,820,808</b>	<b>4,496,829</b>	<b>4,332,088</b>	<b>4,382,530</b>
Baozun Inc. shareholders' equity	2,177,543	2,568,731	6,111,021	5,208,892
<b>TOTAL LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY <sup>(1)</sup></b>	<b>4,015,824</b>	<b>7,096,600</b>	<b>10,474,691</b>	<b>9,772,440</b>

Data Source: 20-F and 6-K

(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 three months ended September 30,	
	2016	2017	2018	2019	2020	2020	2021
Income (loss) from operations	90,066	256,332	355,773	383,653	558,677	84,607	(156,525)
<b>Add:</b> Share-based compensation expenses	34,185	58,231	75,862	75,183	108,440	26,686	66,421
Amortization of intangible assets resulting from business acquisition	—	782	1,564	1,564	1,564	391	5,785
<b>Non-GAAP income (loss) from operations</b>	<b>124,251</b>	<b>315,345</b>	<b>433,199</b>	<b>460,400</b>	<b>668,681</b>	<b>111,684</b>	<b>(84,319)</b>
Net income (loss)	85,424	209,130	269,771	281,891	426,534	64,970	(293,010)
<b>Add:</b> Share-based compensation expenses	34,185	58,231	75,862	75,183	108,440	26,686	66,421
Amortization of intangible assets resulting from business acquisition	—	782	1,564	1,564	1,564	391	5,785
Unrealized investment loss	—	—	—	—	—	—	134,327
<b>Less:</b> Tax effect of amortization of intangible assets resulting from business acquisition	—	(196)	(392)	(392)	(392)	(98)	(909)
<b>Non-GAAP net income (loss)</b>	<b>119,609</b>	<b>267,947</b>	<b>346,805</b>	<b>358,246</b>	<b>536,146</b>	<b>91,949</b>	<b>(87,386)</b>
Net income (loss) attributable to ordinary shareholders of Baozun Inc.	86,633	208,866	269,712	281,297	425,992	64,635	(292,506)
<b>Add:</b> Share-based compensation expenses	34,185	58,231	75,862	75,183	108,440	26,686	66,421
Amortization of intangible assets resulting from business acquisition	—	398	796	796	796	199	4,200
Investment loss	—	—	—	—	—	—	134,327
<b>Less:</b> Tax effect of amortization of intangible assets resulting from business acquisition	—	(100)	(200)	(200)	(200)	(50)	(577)
<b>Non-GAAP net income (loss) attributable to ordinary shareholders of Baozun Inc.</b>	<b>120,818</b>	<b>267,395</b>	<b>346,170</b>	<b>357,076</b>	<b>535,028</b>	<b>91,470</b>	<b>(88,135)</b>



Thank You!

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