

A vibrant aurora borealis (northern lights) display in shades of green and blue, arching across a starry night sky. The scene is set over a snowy mountain range with a valley in the foreground.

1Q21 Earnings Presentation

May 2021

BAO | ZUN

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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 1Q Financial Highlights



281
Brand Partners⁽¹⁾

+ 15
Net Add QoQ



GMV⁽²⁾

RMB 13.2 bn
+44% YoY



Revenue

RMB 2.0 bn
+33% YoY



Non-GAAP Income
from Operations⁽³⁾

RMB 75.8 mm
+106% YoY

(1) As of March 31, 2021

(2) Gross merchandise volume for the quarter of 2021 Q1, 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

(3) 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
GAAP income from operations was RMB52.9 million, an increase of 313.4% YoY

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

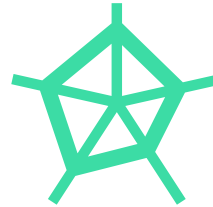
- ✓ Deliver quality through developing people

Progress on Key Initiatives



“Customer First” to Drive Growth through Service Differentiation

- Continuous progress on Luxury Sector with more value-added services
- Healthy profit margin and growing at 50% year-over-year
- Benefit from Full Jet acquisition and Fosun Fashion Group Strategic Alliance



Omni-Channel & New Business Model Exploration

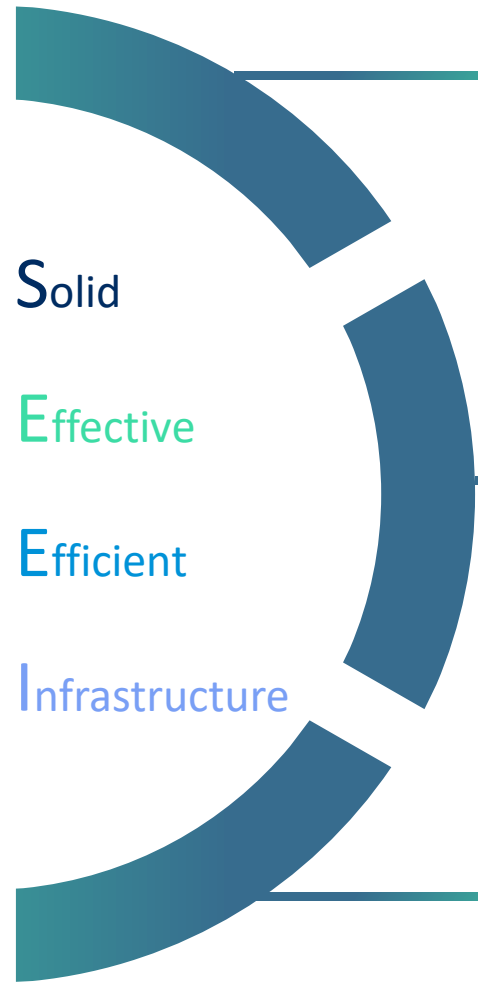
- GMV contribution from Non-Tmall channels increased to 35%
- Integrated additional SAAS functions in Tencent mini-program solution utilizing iClick partnership
- Successful Douyin livestreaming operation for several brands
- Progress made in working with JD



Cost Structure Optimization

- Significant cost savings delivered by Business Operation Centre (BOC) through technology driven business process re-engineering and ROSS integration
- Nantong & Hefei Remote Service Centers on track and expect to deliver savings from 2H 2021

Continuous Infrastructure Enablers Enhancements



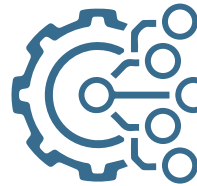
Solid

Effective

Efficient

Infrastructure

Technology



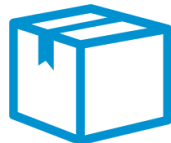
- ✓ Upgraded technology system and capacity to facilitate omni-channel
- ✓ Enhanced ROSS one-stop online design platform
- ✓ Launched Selling Machine (“SEMA”) to increase efficiency in customer acquisition

Digital Marketing



- ✓ Continued improvement in content marketing, live-streaming and data services
- ✓ Expanded live-streaming studio to 2,000 square meter in Shanghai
- ✓ Several equity investment in digital marketing to enhance capability

Warehouse & Logistics



- ✓ Raised infrastructure capacity to 640,000 m²
- ✓ Expanded capacity for specialized warehouses dedicated to luxury sector
- ✓ Enhanced service customization

Environmental, Social and Governance (ESG) Update



ESG Report

Issued Baozun's
1st ESG report in May



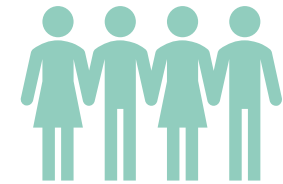
Stakeholder Participation

800+
Survey Response



Industry Influence

Strive to set
industry benchmark



Human Resource

Deepen investment in
human resource

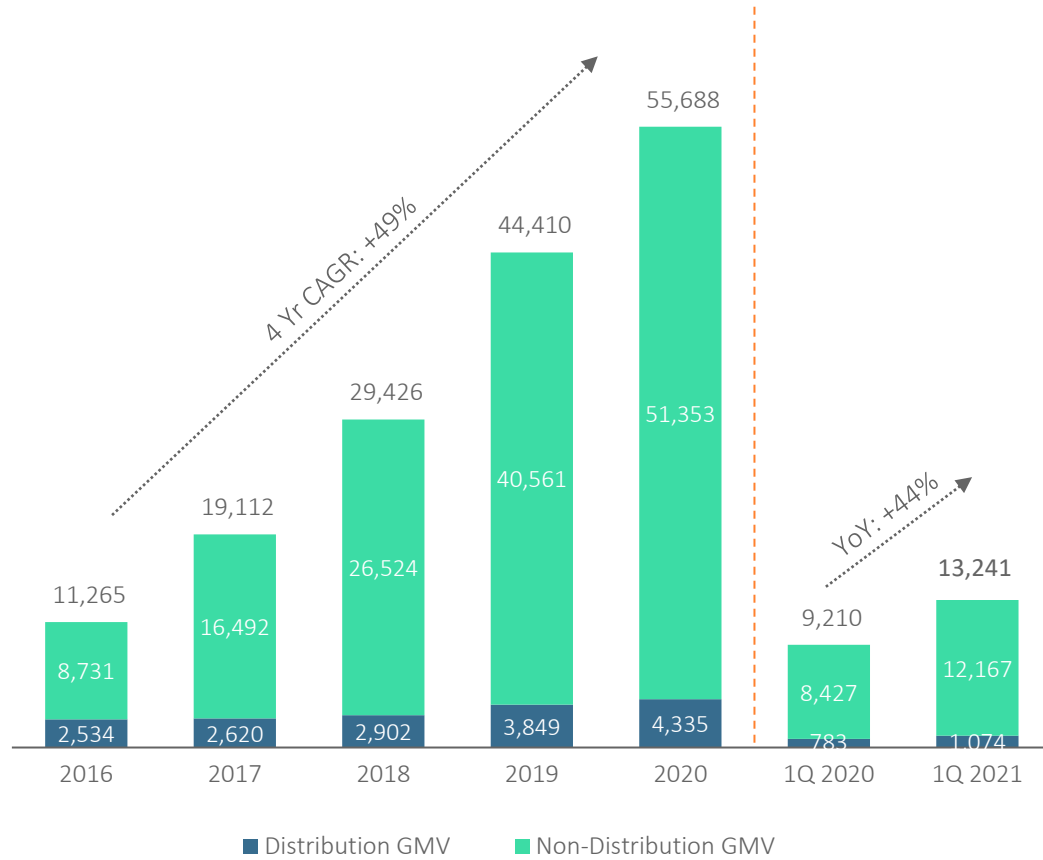


Financial Highlights

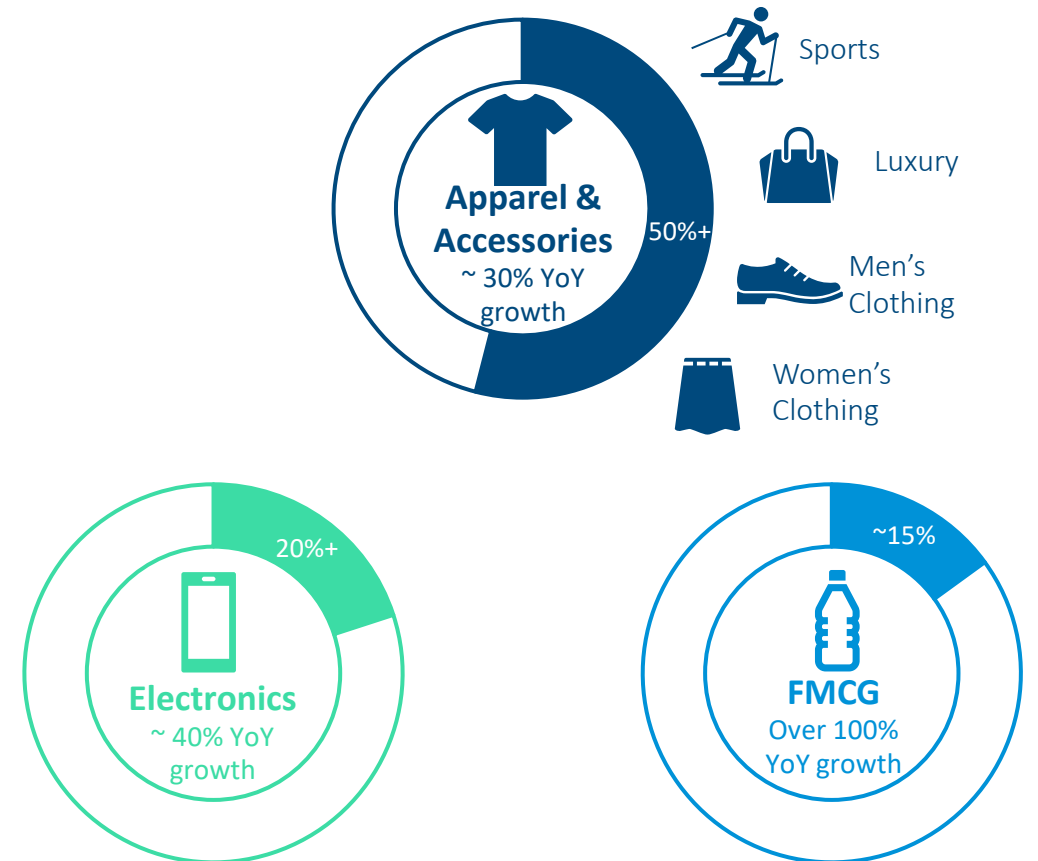


Total GMV ⁽¹⁾

RMB mn



GMV by Category

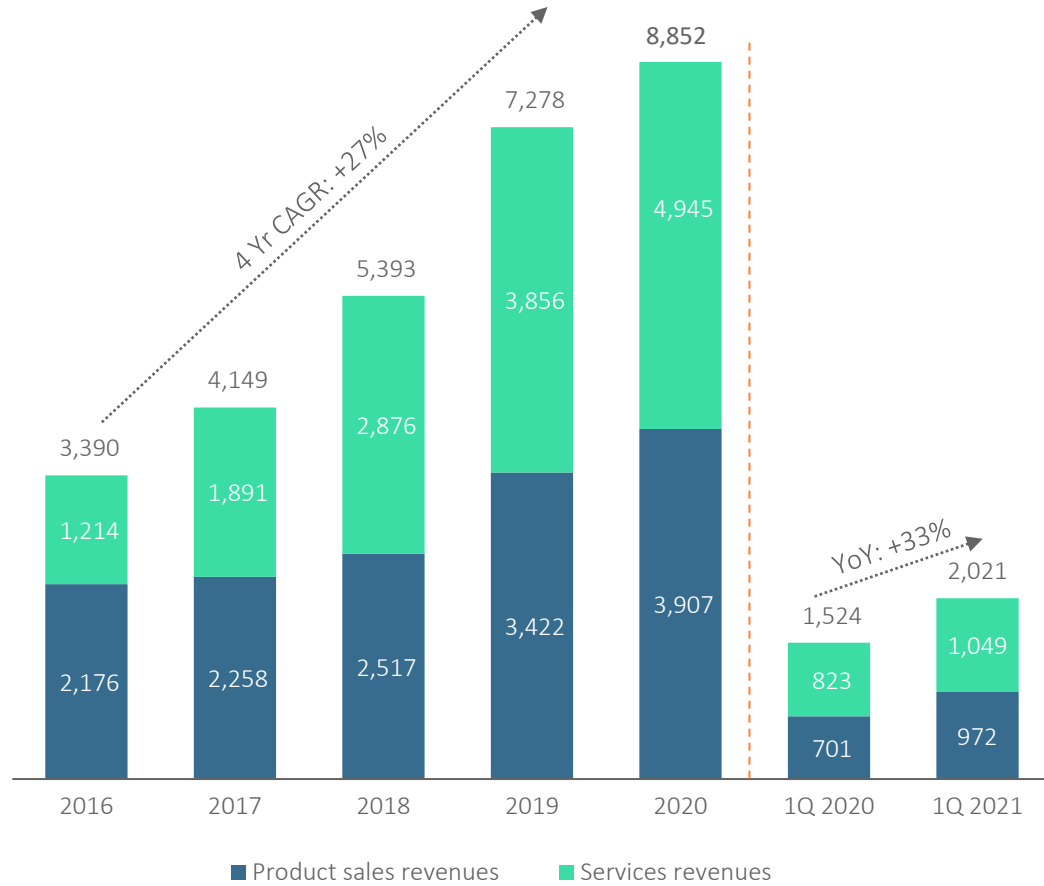


(1) Gross merchandise volume includes value added tax and excludes (i) shipping charges, (ii) surcharges and other taxes, (iii) value of the goods that are returned and (iv) deposits for purchases that have not been settled

Robust Revenue Growth

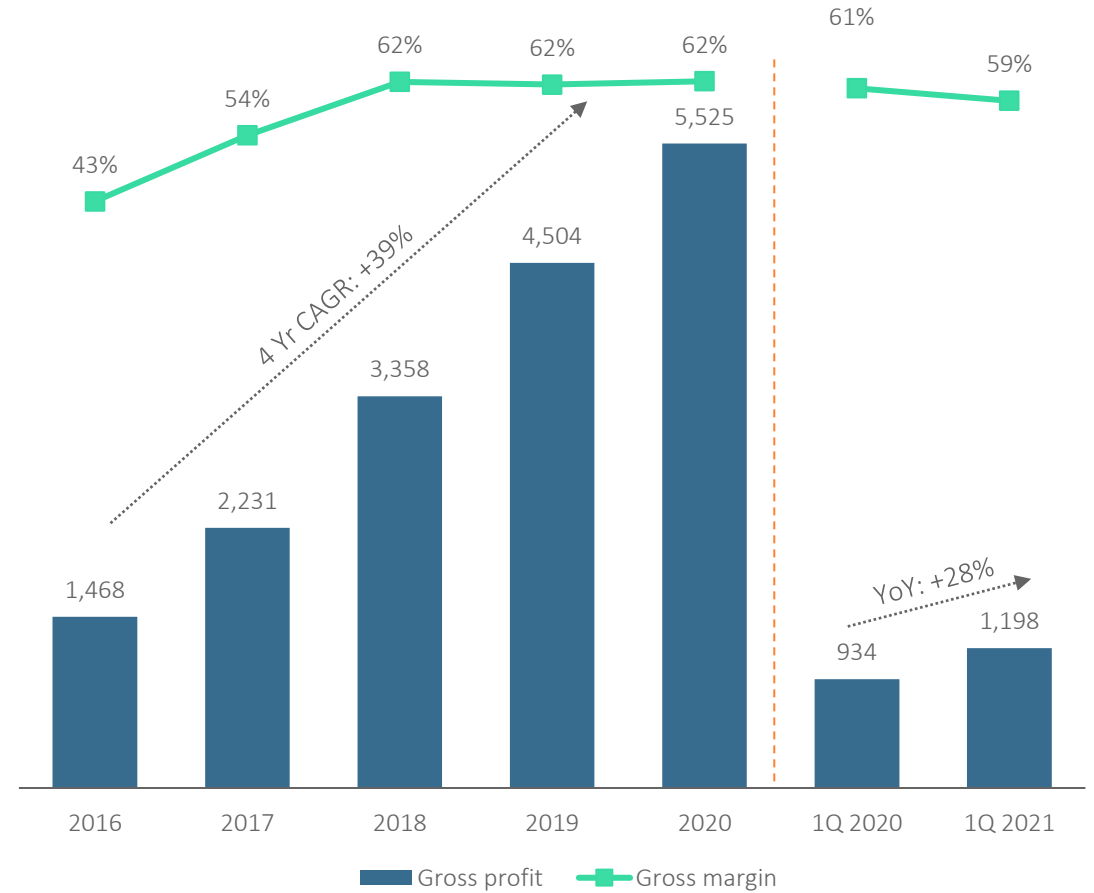
Total net revenues

RMB mn



Gross profit (1)

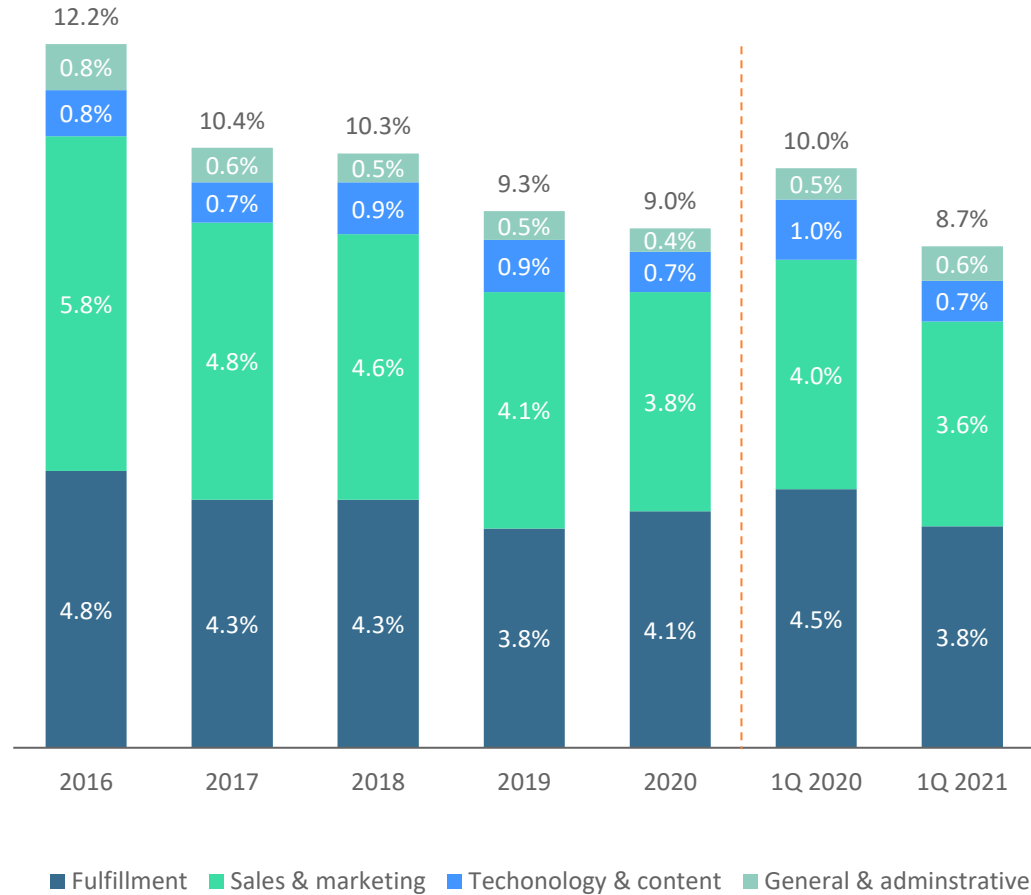
RMB mn



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

Optimized Cost Structure and Drove Operational Efficiency

Operating expenses breakdown (as % of total GMV)



Operating expense analysis



Fulfillment 508MM
YoY GMV% 4.5%→3.8%

- Newly established remote service centers
- Efficiency gain
- Greater deployment of cost-efficient last mile delivery carriers



Sales & Marketing 471MM
YoY GMV% 4.0%→3.6%

- Effective digital marketing services
- Deployment of latest technology in daily operations



Technology & Content 93MM
YoY GMV 1.0%→0.7%

- Effective cost control and productivity improvements
- Better prioritization of development pipeline



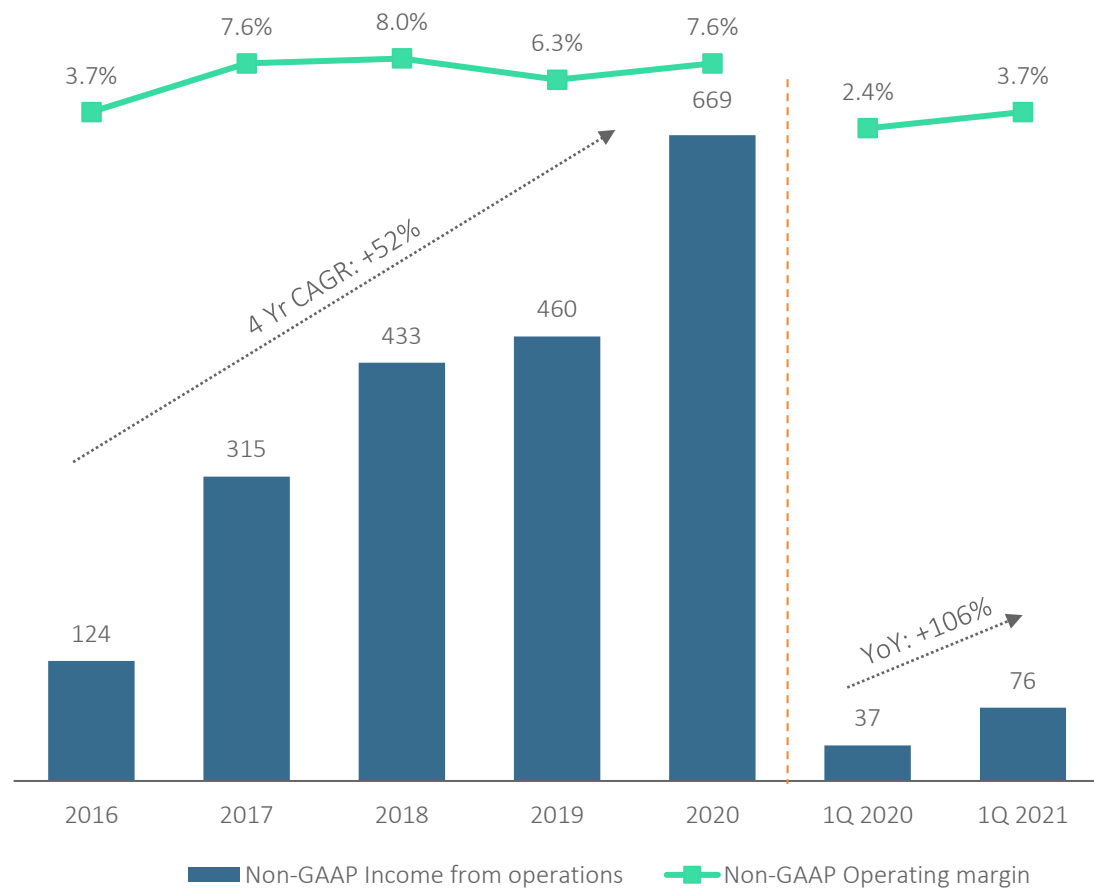
G&A 80MM
YoY GMV 0.5%→0.6%

- Investment in talent recruitment
- Professional fees for M&A
- Accrual of rental for new headquarters

Healthy and Sustainable Profitability

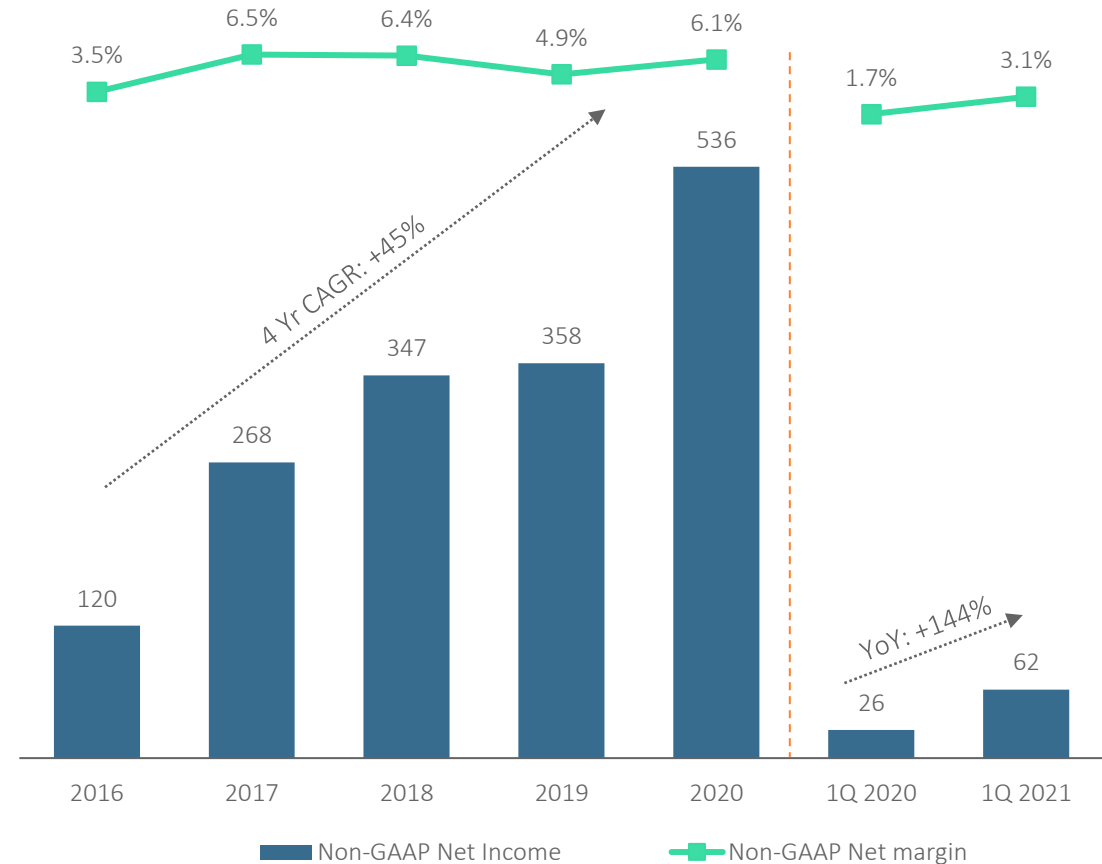
Non-GAAP income from operations (1)

RMB mn



Non-GAAP net income (2)

RMB mn



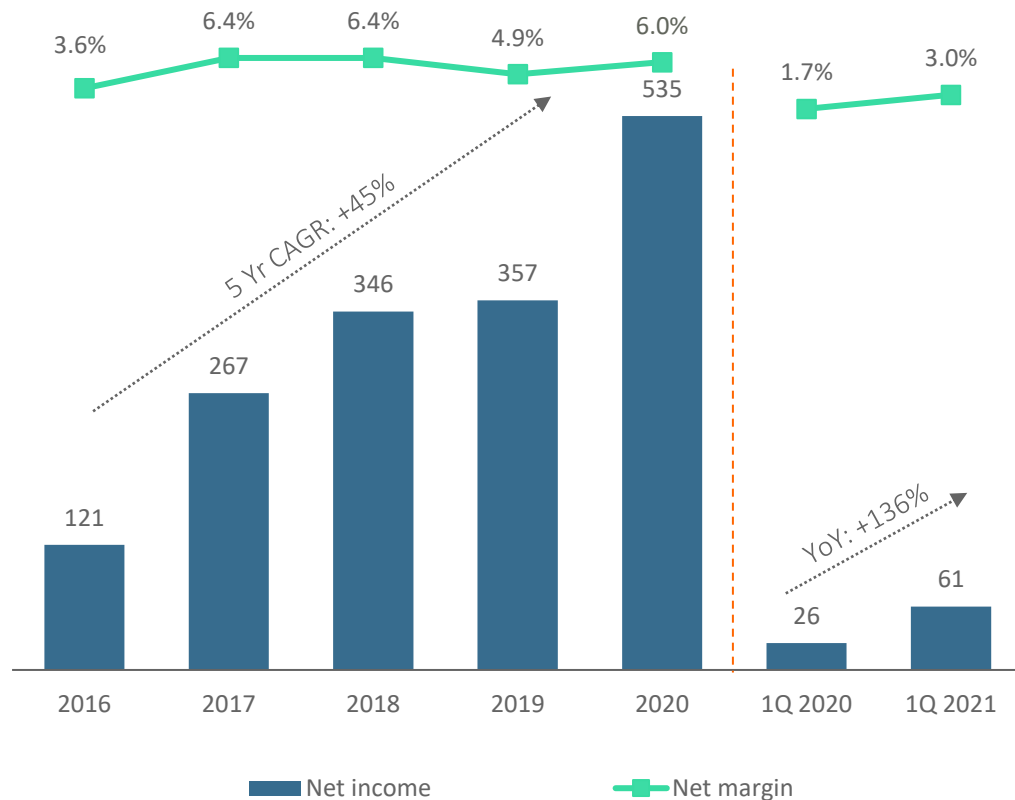
(1) Non-GAAP income from operations is a non-GAAP financial measure, which is defined as income from operations excluding share-based compensation expenses and amortization of intangible assets resulting from business acquisition. Non-GAAP operating margin is non-GAAP income from operations as a percentage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

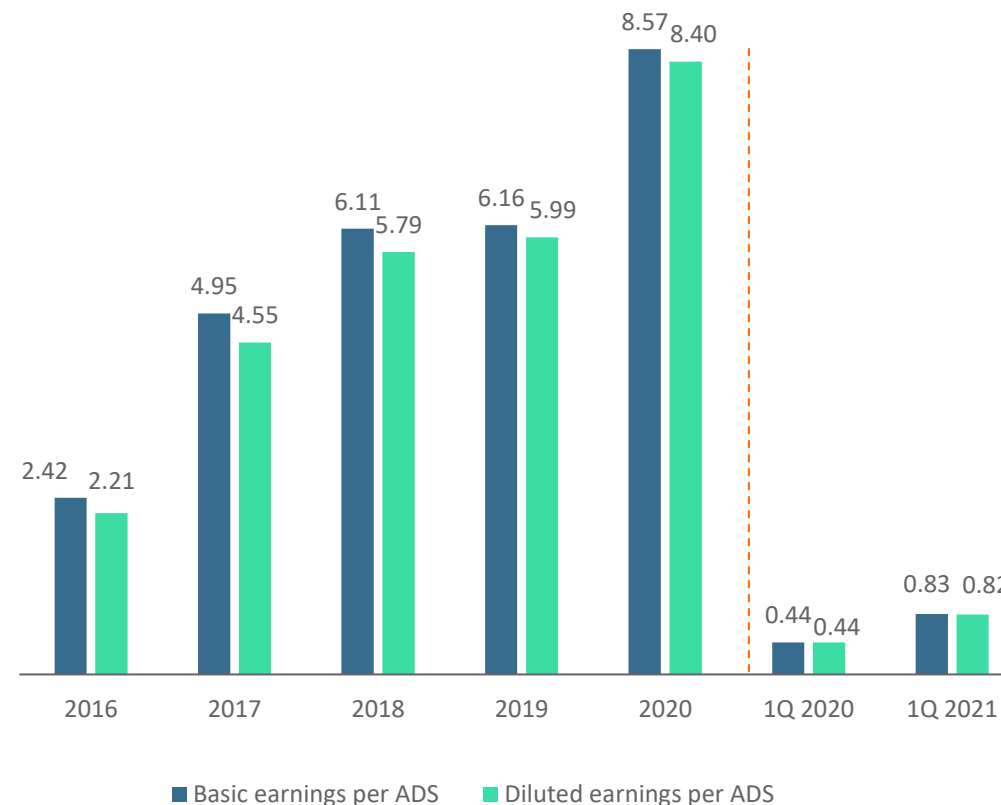
Non-GAAP net income attributable to Ordinary Shareholders of Baozun ⁽¹⁾

RMB mn



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

RMB



(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



Appendix



Consolidated Statements of Income

Selected Consolidated Statements of Income

in RMB '000	For the year ended December 31,			For the three months ended March 31,	
	2018	2019	2020	2020	2021
Product sales	2,516,862	3,422,151	3,906,611	701,132	971,842
Services	2,876,175	3,856,041	4,944,952	822,508	1,048,654
Total net revenues	5,393,037	7,278,192	8,851,563	1,523,640	2,020,496
Operating expenses:					
Cost of products	(2,034,852)	(2,774,342)	(3,326,243)	(590,106)	(822,301)
Fulfilment	(1,262,302)	(1,678,191)	(2,259,176)	(413,016)	(507,997)
Sales and marketing	(1,338,970)	(1,815,642)	(2,130,667)	(366,167)	(470,642)
Technology and content	(268,973)	(392,951)	(409,870)	(95,882)	(92,983)
General and administrative	(154,845)	(215,660)	(224,045)	(49,935)	(79,625)
Other operating income (expense), net	22,678	(17,753)	57,115	4,265	5,963
Total operating expenses	(5,037,264)	(6,894,539)	(8,292,886)	(1,510,841)	(1,967,585)
Income from operations	355,773	383,653	558,677	12,799	52,911
Other income (expenses):					
Interest income	8,017	42,614	41,373	10,580	17,721
Interest expense	(13,058)	(61,316)	(66,124)	(17,907)	(13,222)
Impairment loss of investments	(9,021)	(9,021)	(10,800)	—	(37,351)
Exchange gain (loss)	(5,991)	(7,663)	25,725	(4,863)	(6,755)
Income before income tax and share of income (loss) in equity method investment	335,720	348,267	548,851	609	13,304
Income tax expense	(64,953)	(71,144)	(127,787)	(3,410)	(11,622)
Share of income (loss) in equity method investment	(996)	4,768	5,470	4,460	450
Net Income	269,771	281,891	426,534	1,659	2,132

Consolidated Balance Sheet

Selected Consolidated Balance Sheet Data

in RMB '000	For the year ended December 31,			For the three months ended March 31,	
	2018	2019	2020	2021	
ASSETS					
Cash and cash equivalents	457,340	1,144,451	3,579,665	2,986,413	
Restricted cash	125,515	382,359	151,354	8,812	
Accounts receivable, net ⁽¹⁾	1,547,631	1,800,896	2,188,977	1,827,955	
Inventories, net ⁽¹⁾	650,348	896,818	1,026,038	886,991	
TOTAL ASSETS ⁽¹⁾	4,015,824	7,096,600	10,474,691	9,742,227	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Accounts payable	886,340	877,093	421,562	324,006	
Short-term loan	436,200	428,490	—	—	
Long-term loan	68,753	1,859,896	1,762,847	1,775,247	
TOTAL LIABILITIES ⁽¹⁾	1,820,808	4,496,829	4,332,088	3,569,196	
Baozun Inc. shareholders' equity	2,177,543	2,568,731	6,111,021	6,140,572	
TOTAL LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY ⁽¹⁾	4,015,824	7,096,600	10,474,691	9,742,227	

(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 March 31,	
	2016	2017	2018	2019	2020	2020	2021
Income from operations	90,066	256,332	355,773	383,653	558,677	12,799	52,911
Add: Share-based compensation expenses	34,185	58,231	75,862	75,183	108,440	23,597	22,452
Amortization of intangible assets resulting from business acquisition	—	782	1,564	1,564	1,564	391	391
Non-GAAP income from operations	124,251	315,345	433,199	460,400	668,681	36,787	75,754
Net income	85,424	209,130	269,771	281,891	426,534	1,659	2,132
Add: Share-based compensation expenses	34,185	58,231	75,862	75,183	108,440	23,597	22,452
Amortization of intangible assets resulting from business acquisition	—	782	1,564	1,564	1,564	391	391
Investment loss	—	—	—	—	—	—	37,351
Less: Tax effect of amortization of intangible assets resulting from business acquisition	—	(196)	(392)	(392)	(392)	(98)	(98)
Non-GAAP net income	119,609	267,947	346,805	358,246	536,146	25,549	62,228
Net income (loss) attributable to ordinary shareholders of Baozun Inc.	86,633	208,866	269,712	281,297	425,992	2,239	1,255
Add: Share-based compensation expenses	34,185	58,231	75,862	75,183	108,440	23,597	22,452
Amortization of intangible assets resulting from business acquisition	—	398	796	796	796	199	199
Investment loss	—	—	—	—	—	—	37,351
Less: Tax effect of amortization of intangible assets resulting from business acquisition	—	(100)	(200)	(200)	(200)	(50)	(50)
Non-GAAP net income attributable to ordinary shareholders of Baozun Inc.	120,818	267,395	346,170	357,076	535,028	25,985	61,207



Thank You!

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