

1Q 2024 Earnings Presentation

May 28, 2024

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. 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”.

1Q24 Financial Highlights



Revenue

RMB 2.0 bn



Non-GAAP Operating
Income / (Loss) ⁽¹⁾

RMB (18) mn



Non-GAAP Net Income /
(Loss) to Shareholders⁽²⁾

RMB (15) mn



Operating
Cash Flow⁽³⁾

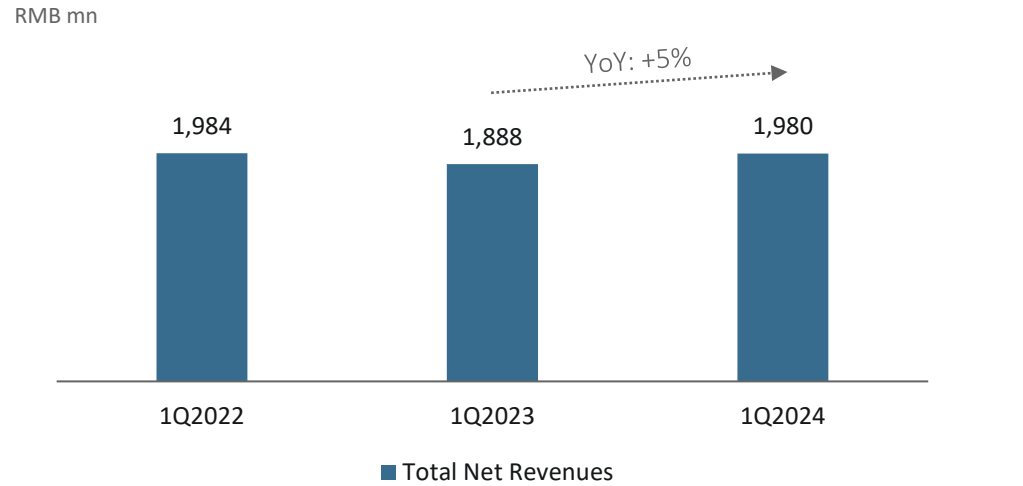
Improvement of
+ 129 mn YoY

**BEC achieved first-time
Q1 positive cash flow
since 2019**

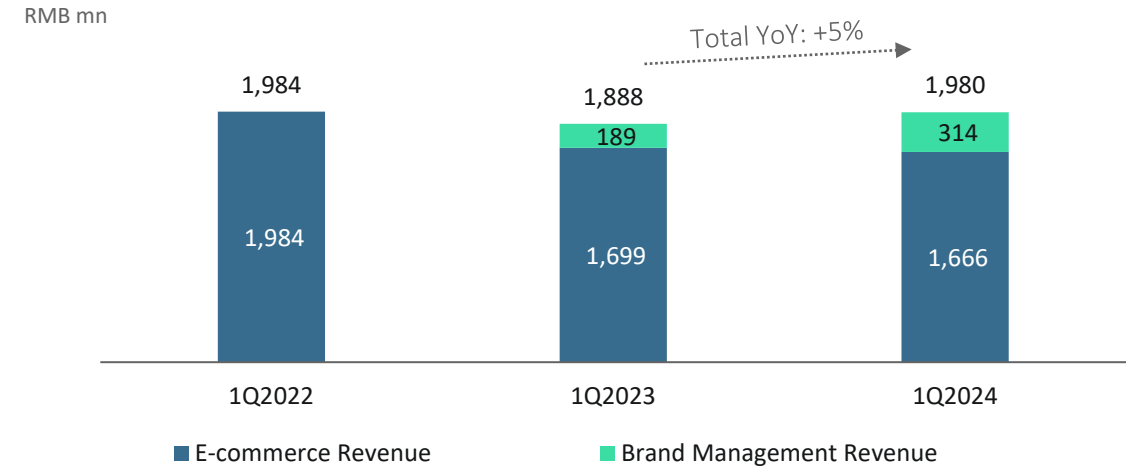
- (1) Non-GAAP income (loss) from operations is a non-GAAP financial measure, which is defined as income from operations excluding the impact of share-based compensation expenses, amortization of intangible assets resulting from business acquisition, acquisition-related expenses, impairment of goodwill, loss on variance from expected contingent acquisition payment, and cancellation fees of repurchased ADSs and returned ADSs.
- (2) Non-GAAP net income (loss) attributable to ordinary shareholders of Baozun Inc. is a non-GAAP financial measure, which is defined as 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, acquisition-related expenses, impairment of goodwill and investments, loss on variance from expected contingent acquisition payment, cancellation fees of repurchased ADSs and returned ADSs, fair value loss on derivative liabilities, loss on disposal of subsidiaries and investment in equity investee, and unrealized investment loss.
- (3) Unaudited operating cash flow, based on the Company's internal management account.

Revenue Breakdown

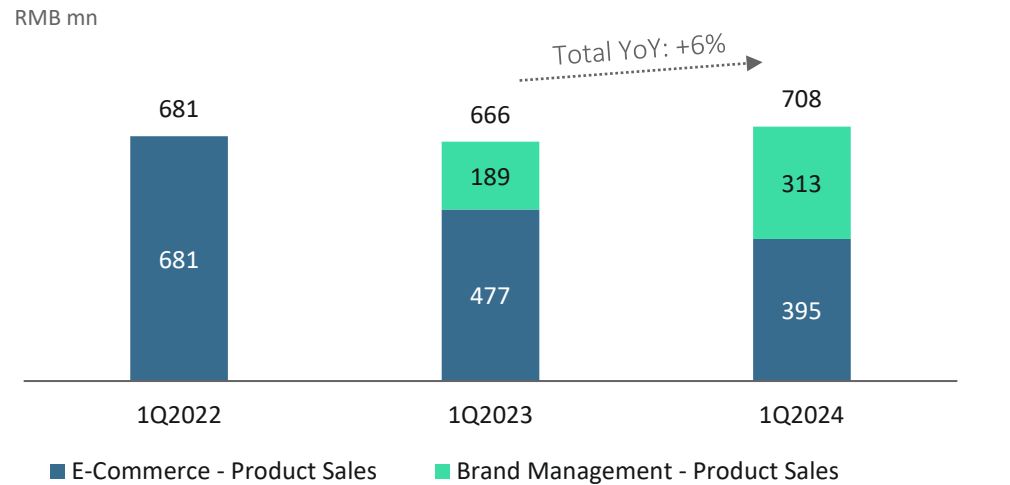
Total Net Revenues ⁽¹⁾



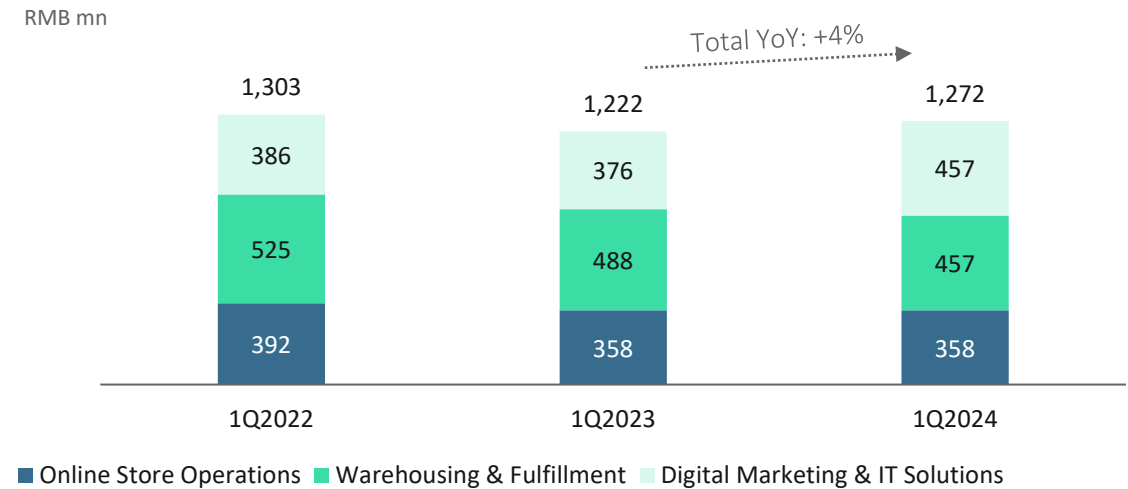
Net Revenue Breakdown by Segment ⁽²⁾



Product Sales Revenue Breakdown



E-Commerce Service Revenue Breakdown ⁽³⁾



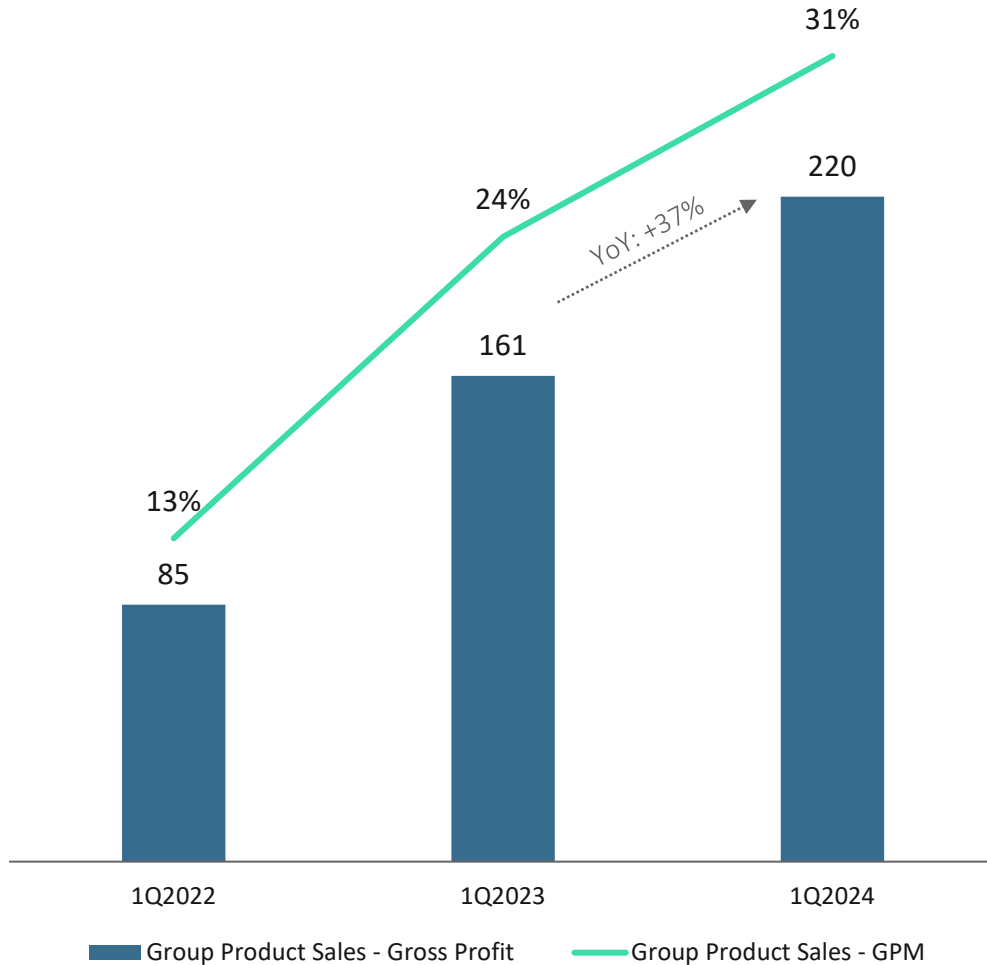
(1) Including inter-segment eliminations between E-commerce and Brand Management revenue.
 (2) The E-commerce revenue includes the inter-segment eliminations between E-commerce and Brand Management revenue.
 (3) Including inter-segment eliminations between each service type.

Gross Profit and Gross Profit Margin of Product Sales

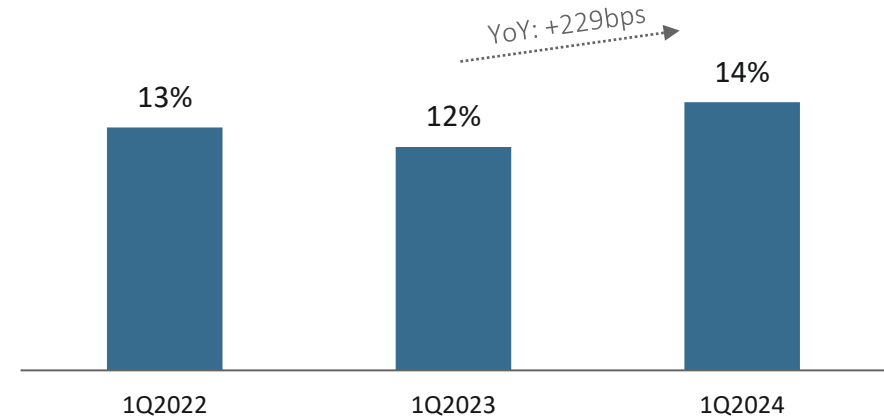


Gross Profit and Gross Profit Margin of Baozun Group Product Sales

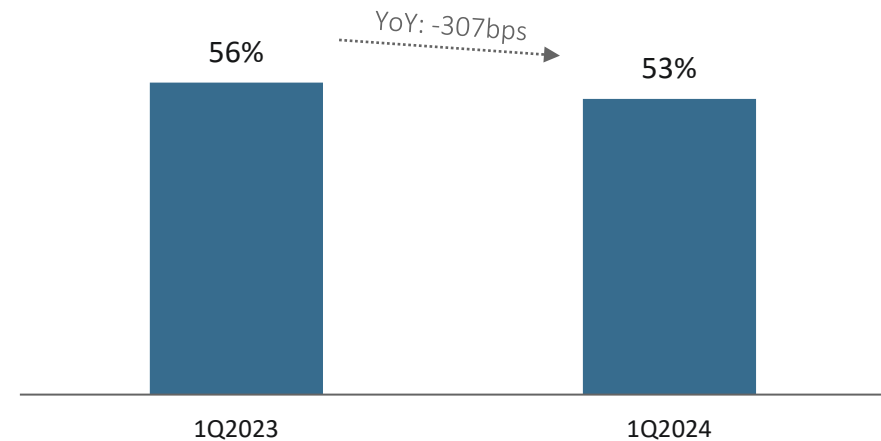
RMB mn



Gross Profit Margin of E-Commerce Product Sales



Gross Profit Margin of Brand Management Product Sales



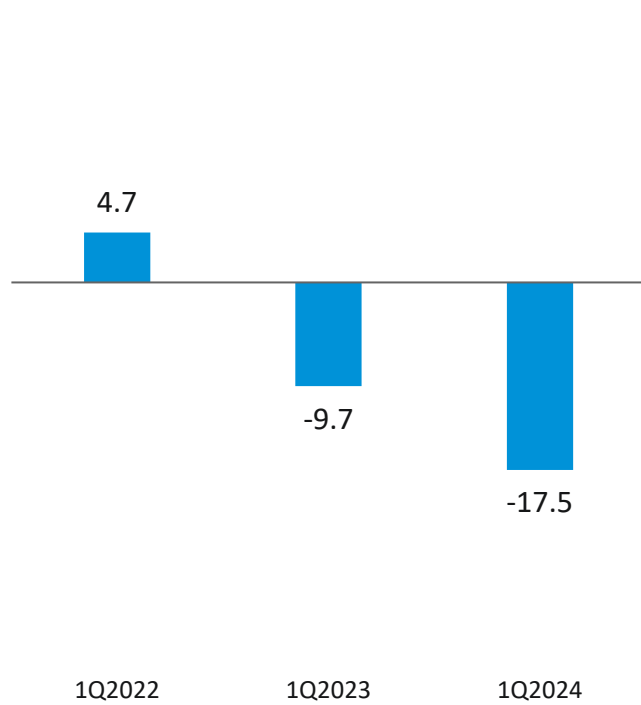
Non-GAAP Operating Profit Breakdown



Baozun Group

Non-GAAP Operating Profit for Group

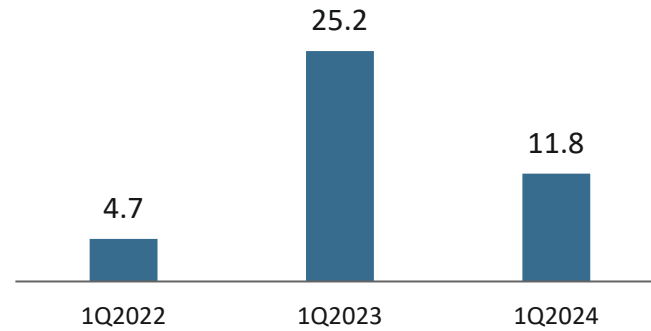
RMB mn



E-Commerce

Adjusted Operating Profit for E-Commerce

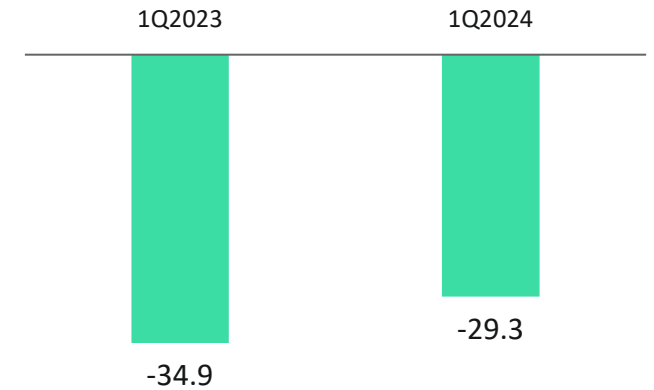
RMB mn



Brand Management

Adjusted Operating Profit for Brand Management ⁽¹⁾

RMB mn

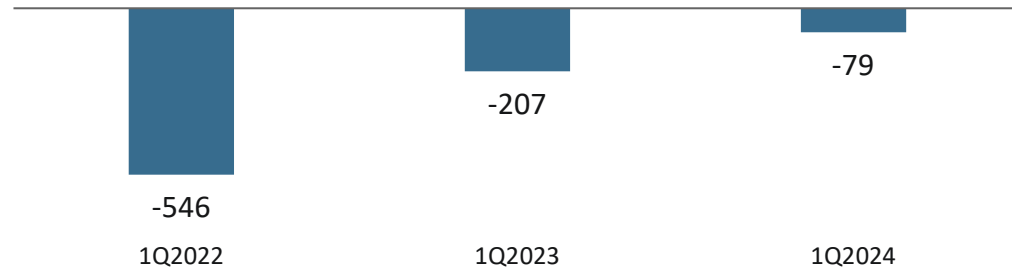


(1) Statistic for Brand Management, including adjusted operating profits and year-over-year comparison, is made on two months reported numbers in the first quarter of 2023, as the Company started Gap consolidation in February 2023, and three months in the first quarter of 2024.

Cash Flow Breakdown

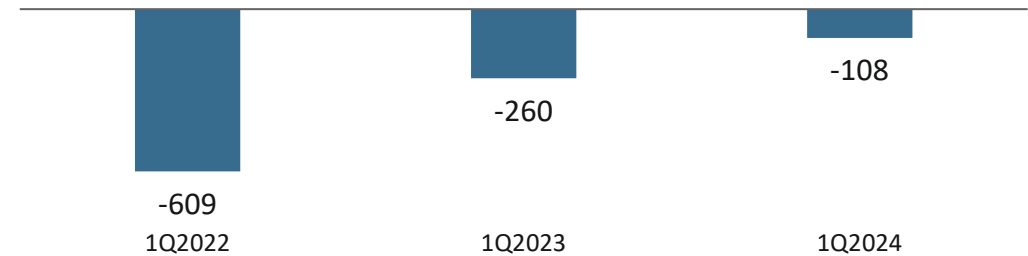
Operating Cash Flow for Baozun Group

RMB mn



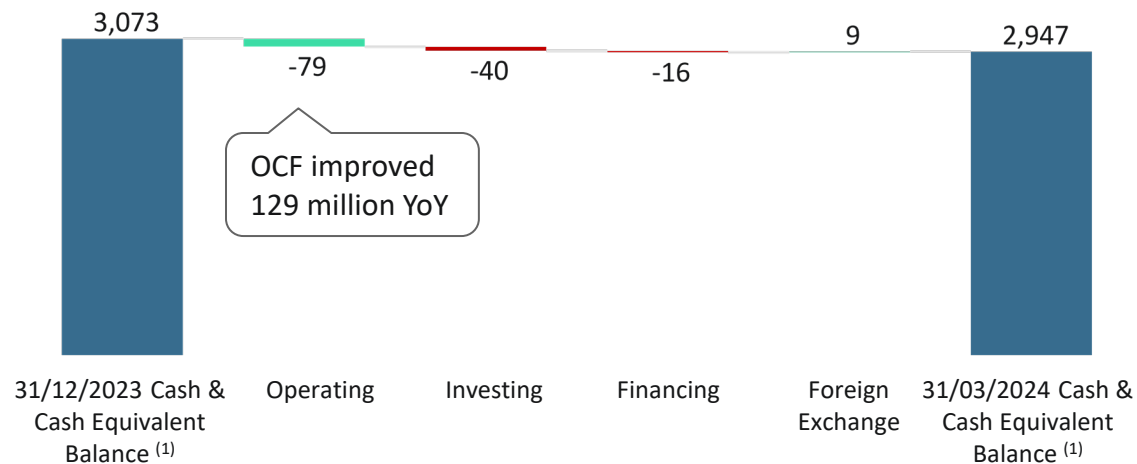
Free Cash flow for Baozun Group

RMB mn



Cash Flow Walk

RMB mn



Due to seasonality of e-commerce business, OCF is normally negative for first quarter. For 1Q24, OCF has improved by RMB129 million year-over-year, and BEC achieved first-time Q1 positive cash flow result since 2019



Net interest income RMB9.0 million, an increase of 30% year-over-year through effective treasury management



Investing cash outflow mainly due to Capex of LSG, CCC and Gap offline stores



Financing cash flow change mainly due to payback of short-term loan

(1) Including cash, cash equivalents, restricted cash and short term investment

Promoting Sustainable Development



Released FY2023 Annual Sustainability Report



28% Carbon Emission Reduction Compared with 2021 Baseline

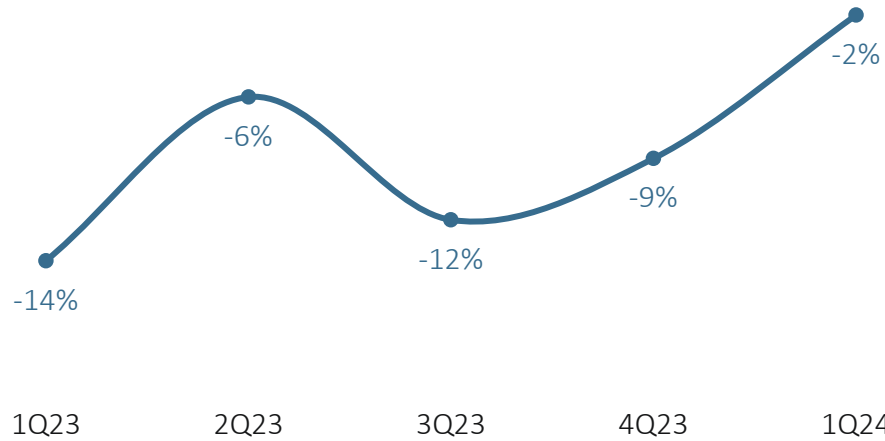


CDP Climate Questionnaire Score Improved from C to B

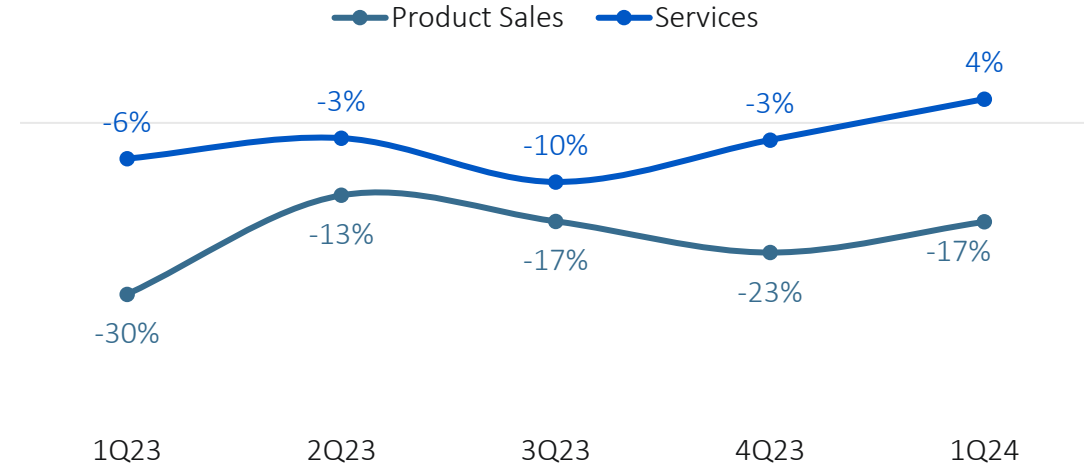
E-Commerce Key Achievements in 1Q24



E-Commerce Revenue⁽¹⁾ YoY Growth



E-Commerce Revenue Breakdown YoY Growth



Enhancing Client Satisfaction

- NPS scores improved (8.07 to 8.23)
- Opened 20+ new stores on emerging platforms
- Expanded value chain and innovated service models
- Won multiple service provider awards

High-Quality Product Sales Business

- Optimizing existing distribution business
- Established the Distribution Business Committee
- Continuously introducing high-quality exclusive distribution partnerships

Expanding into New Business Areas

- Deployed technologies in advancing brand distributor digital transformation
- Extended customer service to e-commerce platforms
- Achieved rapid growth for our self-incubated brand

(1) Including inter-segment eliminations between E-commerce and Brand Management revenue.

Brand Management Key Achievements

Enriching “China-for-China” Products



Kids & Baby Products

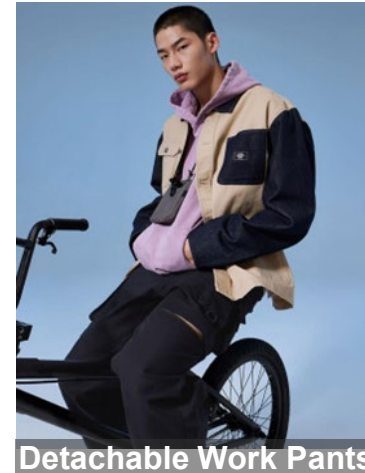


IP Collaboration

Functional Product



UV Protection Series



Detachable Work Pants



Scuba Series

Chinese New Year Series



IP Collaboration



GAP x 80N8



GAP x PALACE

Q&A

Appendix



Selected Consolidated Statements of Income

in RMB '000	For the year ended December 31,			For the three months ended March 31,	
	2021	2022	2023	2023	2024
Product sales	3,873,589	2,644,214	3,357,202	666,069	707,524
Services	5,522,667	5,756,417	5,454,811	1,221,727	1,272,246
Total net revenues	9,396,256	8,400,631	8,812,013	1,887,796	1,979,770
Operating expenses:					
Cost of products	(3,276,571)	(2,255,950)	(2,409,110)	(505,087)	(487,111)
Fulfilment	(2,661,126)	(2,719,749)	(2,507,306)	(567,629)	(546,391)
Sales and marketing	(2,549,842)	(2,674,358)	(2,829,016)	(592,687)	(694,043)
Technology and content	(448,410)	(427,954)	(505,203)	(114,891)	(133,187)
General and administrative	(525,802)	(371,470)	(855,914)	(163,227)	(179,087)
Other operating income (expense), net	72,516	95,292	123,368	15,096	5,269
Impairment of goodwill	-	(13,155)	(35,212)	-	-
Total operating expenses	(9,389,235)	(8,367,344)	(9,018,393)	(1,928,425)	(2,034,550)
Income (loss) from operations	7,021	33,287	(206,380)	(40,629)	(54,780)
Other income (expenses):					
Interest income	62,943	45,816	82,113	17,853	19,174
Interest expense	(56,847)	(56,917)	(41,344)	(10,955)	(10,205)
Unrealized investment loss	(209,956)	(97,827)	(68,031)	(42,569)	(17,025)
Gain (loss) on disposal of subsidiaries and investment in equity investee	150	(107,032)	631	-	-
Gain on repurchase of CB	-	7,907	-	-	-
Impairment loss of investments	(3,541)	(8,400)	-	-	-
Exchange (gain)/loss	46,226	(32,384)	(8,530)	(1,345)	(180)
Fair value loss on derivative liabilities	-	(364,758)	24,515	-	-
Income (loss) before income tax and share of income (loss) in equity method investment	(154,004)	(580,308)	(217,026)	(77,645)	(63,016)
Income tax expense	(55,259)	(26,480)	(12,003)	(1,755)	(7,102)
Share of income (loss) in equity method investment	3,300	(3,586)	6,253	224	4,826
Net (loss) Income	(205,963)	(610,374)	(222,776)	(79,176)	(65,292)

Reconciliations of GAAP and non-GAAP Financial Measures

In RMB '000	For the year ended December 31,			For the three months ended March 31,	
	2021	2022	2023	2023	2024
Income (loss) from operations	7,021	33,287	(206,380)	(40,629)	(54,780)
Add: Share-based compensation expenses	196,547	142,381	103,449	20,103	29,324
Amortization of intangible assets resulting from business acquisition	20,536	39,431	31,875	8,142	7,911
Acquisition-related expenses	-	13,694	12,171	2,709	-
Impairment of goodwill	-	13,155	35,212	-	-
Loss related to investments ⁽¹⁾	-	9,495	-	-	-
Cancellation fees of repurchased shares	-	4,650	-	-	-
Non-GAAP income (loss) from operations	224,104	256,093	(23,673)	(9,675)	(17,545)
Net income (loss)	(205,963)	(610,374)	(222,776)	(79,176)	(65,292)
Add: Share-based compensation expenses	196,547	142,381	103,449	20,103	29,324
Amortization of intangible assets resulting from business acquisition	20,536	39,431	31,875	8,142	7,911
Acquisition-related expenses	-	13,694	12,171	2,709	-
Impairment of goodwill and investments	-	21,555	35,212	-	-
Loss related to investments ⁽¹⁾	209,956	579,112	42,885	42,569	17,025
Cancellation fees of repurchased shares	-	4,650	-	-	-
Less: Tax effect of amortization of intangible assets resulting from business acquisition	(3,686)	(7,880)	(6,086)	(1,565)	(1,507)
Non-GAAP net income (loss)	217,390	182,569	(3,270)	(7,218)	(12,539)
Net income (loss) attributable to ordinary shareholders of Baozun Inc.	(219,830)	(653,290)	(278,422)	(83,547)	(66,637)
Add: Share-based compensation expenses	196,547	142,381	103,449	20,103	29,324
Amortization of intangible assets resulting from business acquisition	15,574	30,076	24,206	6,233	5,991
Acquisition-related expenses	-	13,694	12,171	2,709	-
Impairment of goodwill and investments	-	21,555	35,212	-	-
Loss related to investments ⁽¹⁾	209,956	579,112	42,864	42,569	17,025
Cancellation fees of repurchased shares	-	4,650	-	-	-
Less: Tax effect of amortization of intangible assets resulting from business acquisition	(2,645)	(5,972)	(4,569)	(1,188)	(1,127)
Non-GAAP net income (loss) attributable to ordinary shareholders of Baozun Inc.	199,602	132,206	(65,089)	(13,121)	(15,424)

Data Source: 20-F and 6-K

1. Loss related to investments refer to Loss on variance from expected contingent acquisition payment, Fair value loss on derivative liabilities, Loss on disposal of investments and subsidiary and Unrealized investment loss

Selected Consolidated Balance Sheet Data

in RMB '000	For the year ended December 31,			For the three months ended March 31,	
	2021	2022	2023	2023	2024
ASSETS					
Cash and cash equivalents	4,606,545	2,144,020	2,149,531	1,545,800	1,946,648
Restricted cash	93,219	101,704	202,764	50,443	352,777
Short-term investments	-	895,425	720,522	1,305,350	647,239
Accounts receivable, net ⁽¹⁾	2,260,918	2,292,678	2,184,729	1,806,623	1,713,723
Inventories, net ⁽¹⁾	1,073,567	942,997	1,045,116	1,134,764	1,084,466
Property and equipment, net	652,886	694,446	851,151	826,890	821,130
Right-of-use assets	1,095,570	847,047	1,070,120	1,081,374	952,432
Other assets	2,536,275	2,204,153	2,250,543	2,194,784	2,310,448
TOTAL ASSETS ⁽¹⁾	12,318,980	10,122,470	10,474,476	9,946,028	9,828,863
LIABILITIES AND SHAREHOLDERS' EQUITY					
Accounts payable	494,079	474,732	563,562	444,406	454,686
Short-term loan	2,288,465	1,016,071	1,115,721	1,264,286	1,099,789
Accrued expenses and other current liabilities	984,519	1,025,540	1,188,179	949,287	986,727
Operating lease liabilities	1,161,671	909,400	1,132,079	1,159,201	1,009,845
Other liabilities	908,897	1,020,389	623,199	520,230	453,840
TOTAL LIABILITIES ⁽¹⁾	5,837,631	4,446,132	4,622,740	4,337,410	4,004,887
Baozun Inc. shareholders' equity	4,896,359	4,084,162	4,097,204	4,009,334	4,068,100
Noncontrolling interests	1,584,990	1,592,176	1,754,532	1,599,284	1,755,876
TOTAL LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY ⁽¹⁾	12,318,980	10,122,470	10,474,476	9,946,028	9,828,863

Thank You!

BAO ZUN

