

A photograph of the Aurora Borealis (Northern Lights) over a snowy mountain range at night. The aurora is a vibrant green and blue light display in the dark, starry sky. The mountains are covered in snow and are silhouetted against the light of the aurora.

4Q20 & FY2020 Earnings Presentation

March 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 and amortization of intangible assets resulting from business acquisition 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. 1

4Q & FY2020 Financial Highlights



266
Brand Partners⁽¹⁾



GMV⁽²⁾



Revenue



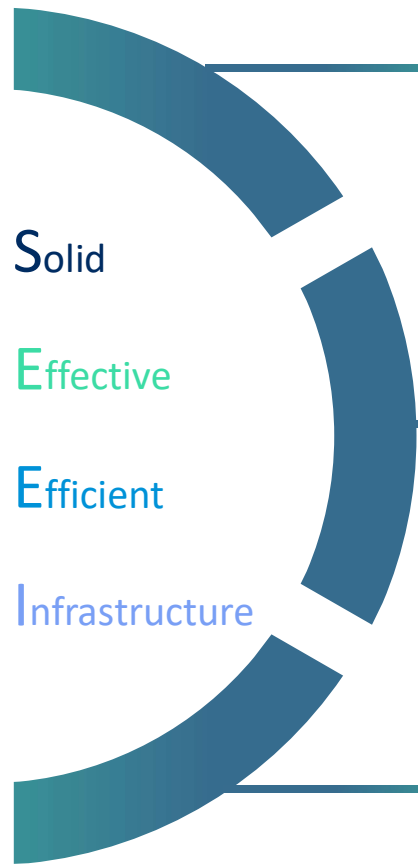
Non-GAAP
Operating Income⁽³⁾

4Q20	+ 6 Net Add QoQ	RMB 22.9 bn +29% YoY	RMB 3.3 bn +20% YoY	RMB 333.1 mm +54% YoY
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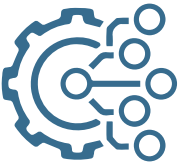
FY2020	+ 35 Net Add YoY	RMB 55.7 bn +25% YoY	RMB 8.9 bn +22% YoY	RMB 668.7 mm +45% YoY
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(1) As of December 31, 2020
 (2) Gross merchandise volume for the quarter of 2020 Q4, includes value added tax and excludes (i) shipping charges, (ii) surcharges 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

4Q20 Infrastructure Enhancements



Technology



- ✓ Upgraded technology system and capacity
- ✓ Delivered additional automation & one-click tools with ROSS
- ✓ Launched virtual intelligence dashboard system

Digital Marketing



- ✓ Delivered creative and innovative engagements
- ✓ Offered targeted marketing supported by big data insights
- ✓ Rolled out 1,000 m² brand new in-house livestreaming studio

Warehouse & Logistics



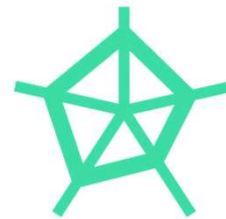
- ✓ Upgraded capacity and equipment to meet order surges; improved fulfillment efficiency
- ✓ Deployed algorithms to optimize real-time monitoring
- ✓ Broadened application of instant arrival services

3-5 Year Medium-Term Strategic Plan



“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

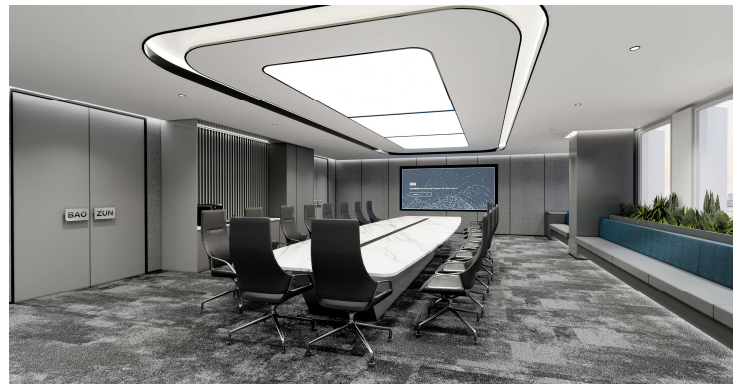
- Technology driven business process re-engineering
- Implement service-quality-oriented location strategy

Our Culture: Delivering Quality through Developing People



Named 'Shanghai Best Employers Top 30'

Launched new headquarters to attract and retain the best talent





Financial Highlights

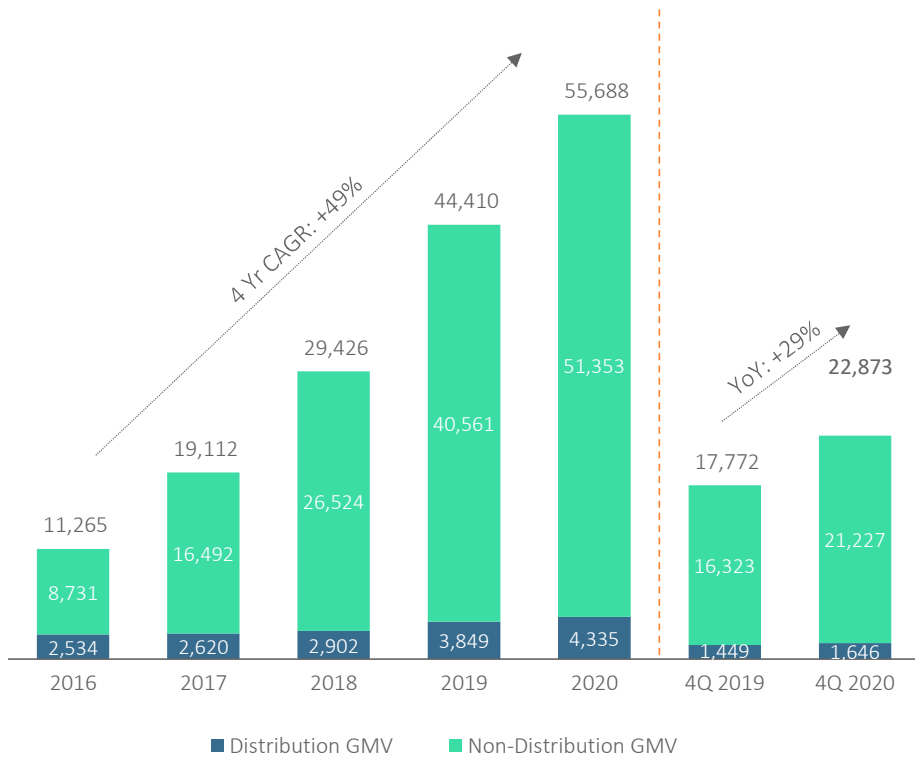


Solid GMV Growth

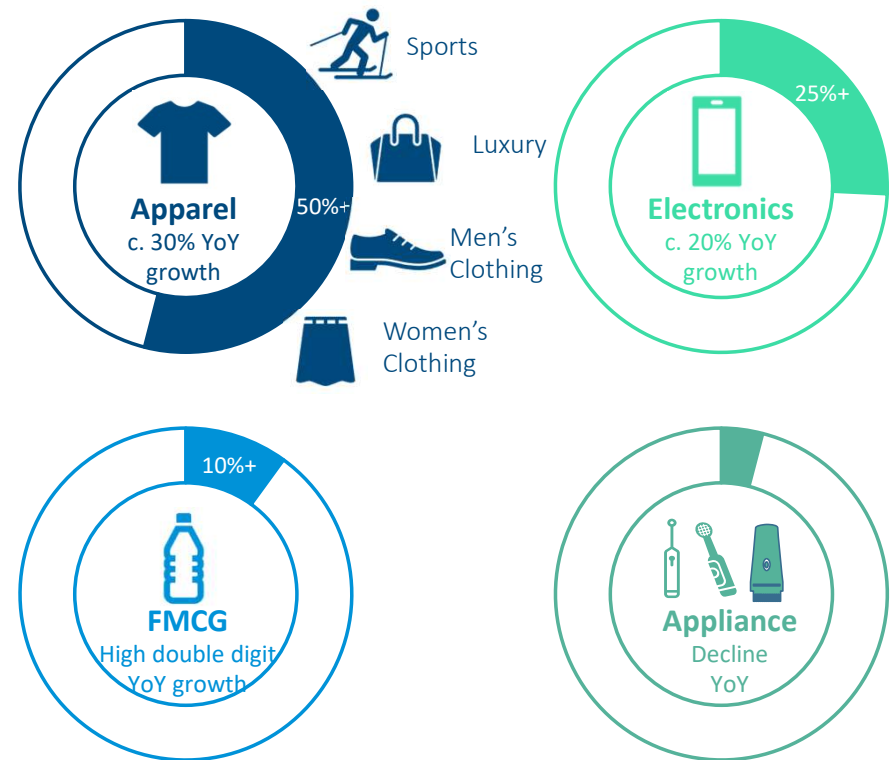


Total GMV ⁽¹⁾

RMB mn



GMV by Category



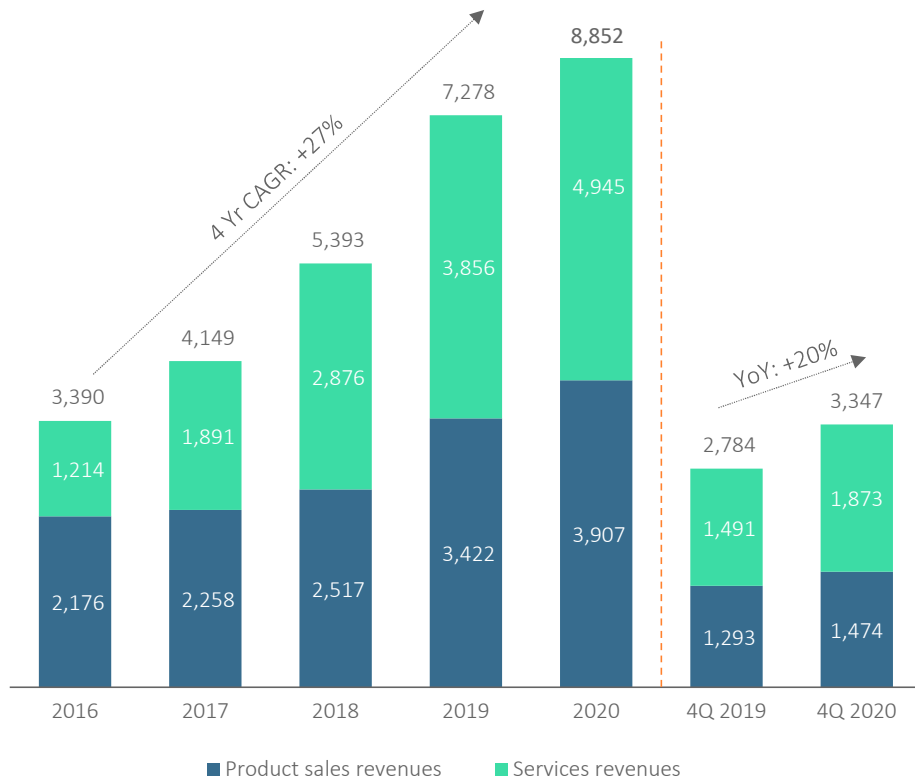
(1) Gross merchandise volume includes value added tax and excludes (i) shipping charges, (ii) surcharges and other taxes, (iii) value of the goods that are returned and (iv) deposits for purchases that have not been settled

Robust Revenue Growth



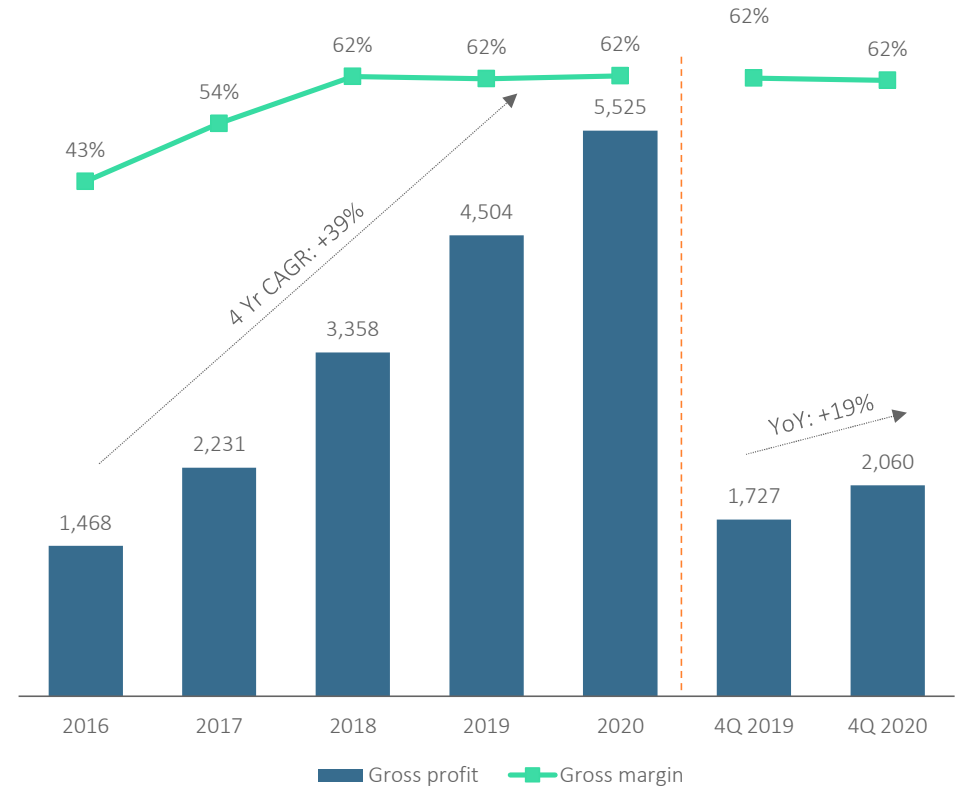
Total net revenue

RMB mn



Gross profit (1)

RMB mn

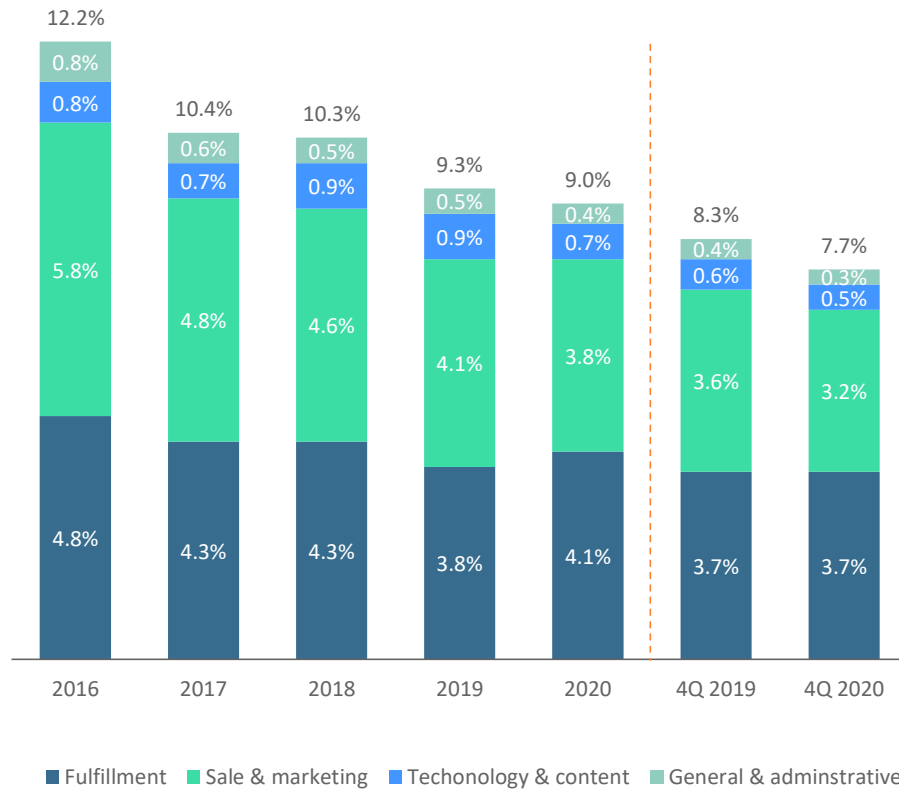


(1) Gross profit equals total net revenues minus cost of products. Gross margin equals gross profit divided by total net revenues

Optimized Cost Structure and Drove Operational Efficiency



Operating expenses breakdown (as % of total GMV)



Operating expense analysis



Fulfillment
851MM

- Efficiency programs
- Hourly-rates increased for labor cost



Sales & Marketing
741MM

- Effectiveness enhancement driving efficiencies
- Deployment of latest technology in daily operations



Technology & Content
110MM

- Effective cost control and productivity improvements
- Prioritization of development pipeline



General & Administrative
69MM

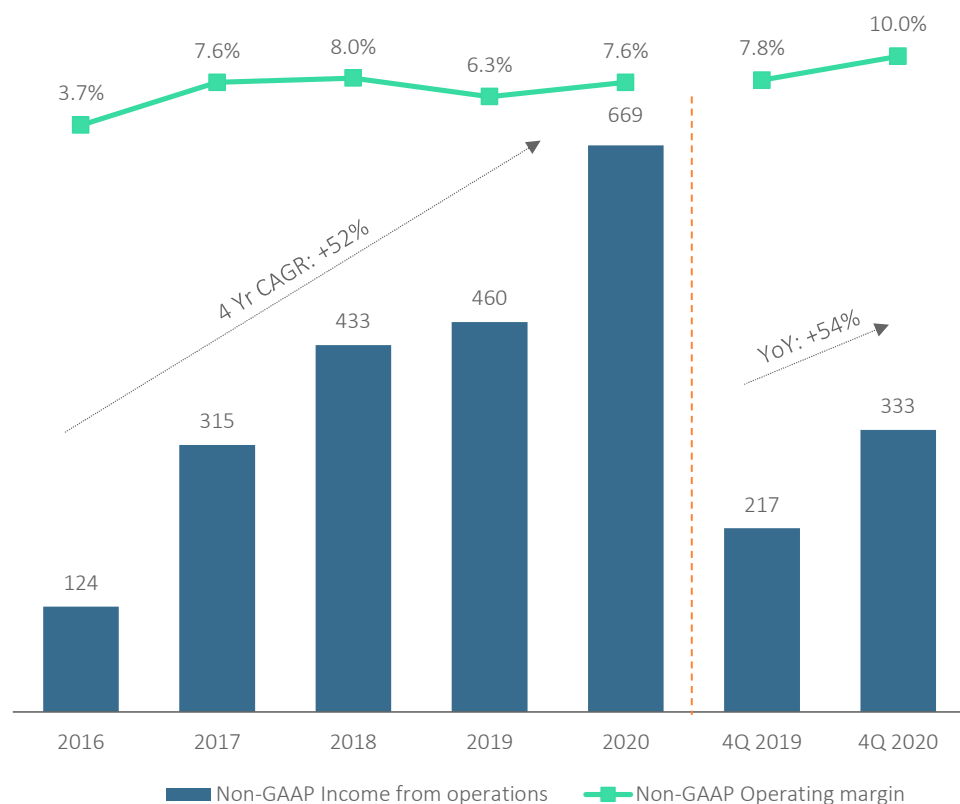
- Investment in talent acquisition and infrastructure
- Effective cost control and procurement initiatives

Healthy and Sustainable Profitability



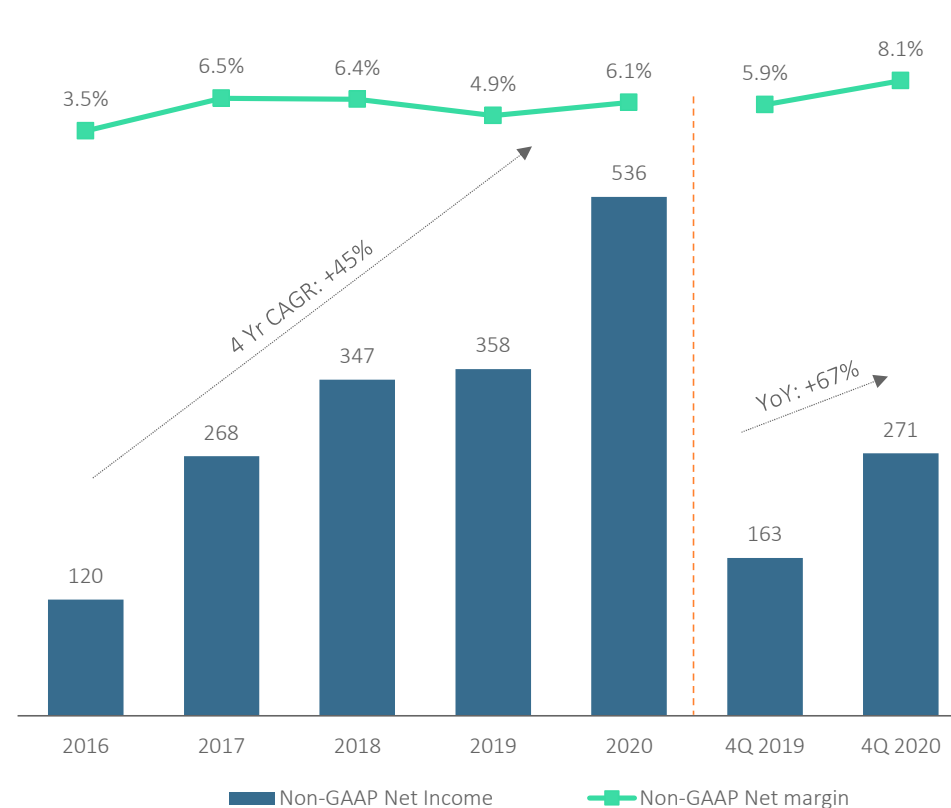
Non-GAAP income from operations ⁽¹⁾

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

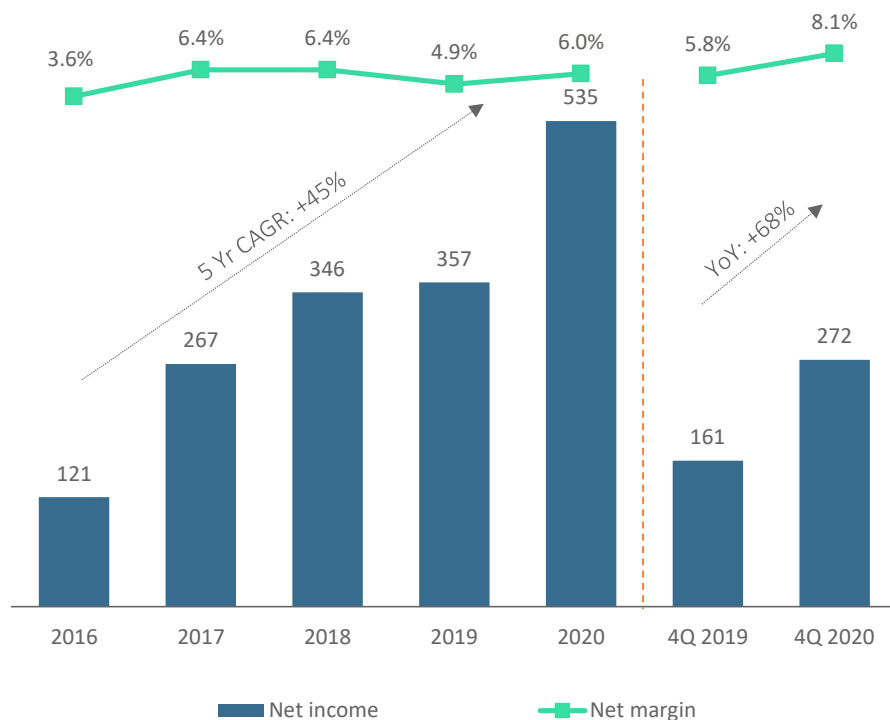
(2) Non-GAAP net income is net income excluding the impact of share-based compensation expenses and amortization of intangible assets resulting from business acquisition. Non-GAAP net margin is non-GAAP net income as a percentage of total net revenues

Healthy and Sustainable Profitability (Cont'd)



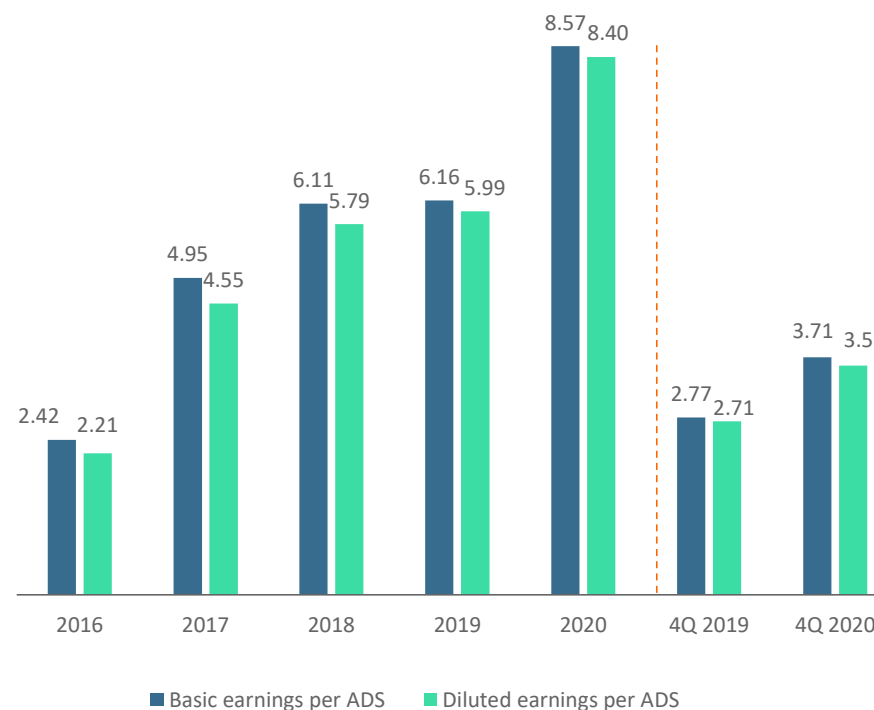
Non-GAAP net income attributable to Ordinary Shareholders of Baozun ⁽¹⁾

RMB mn



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

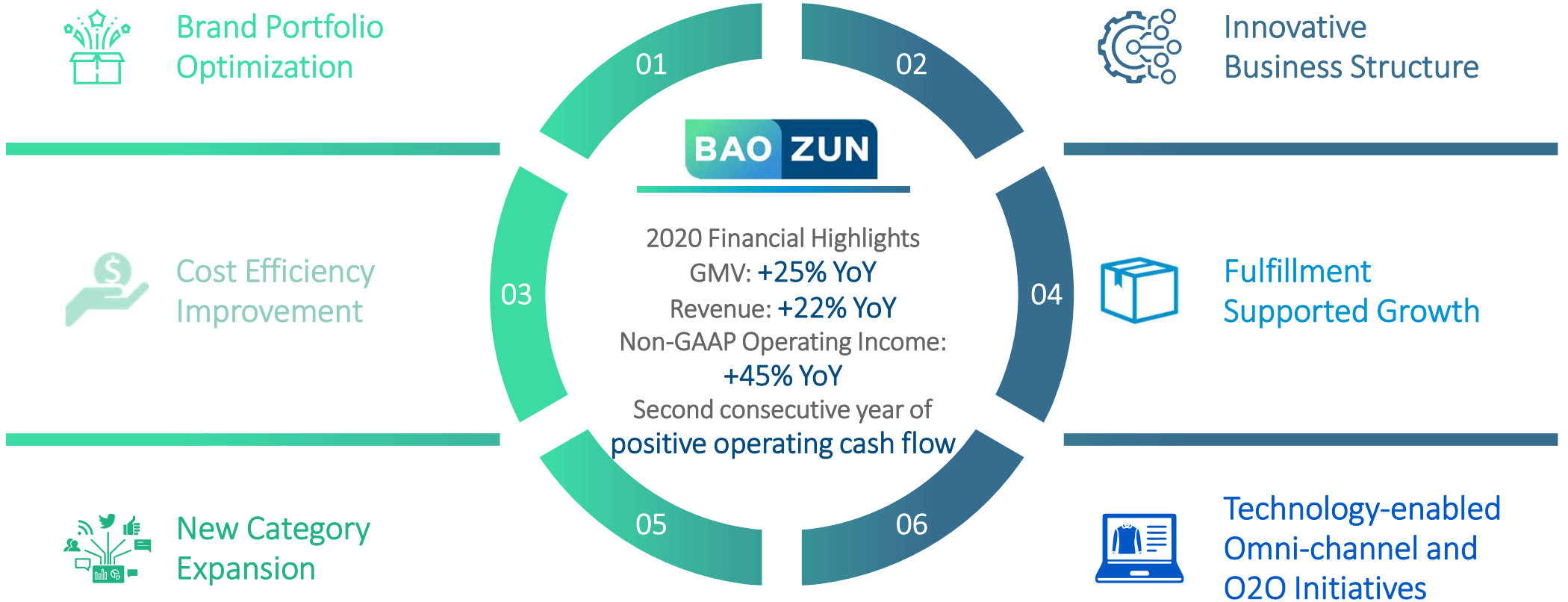
RMB



(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 and amortization of intangible assets resulting from business acquisition. 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

2020: High Quality Growth, Despite COVID





Appendix



Consolidated Statements of Income



Selected Consolidated Statements of Income

in RMB '000	For the year ended December 31,			For the three months ended December 31,	
	2018	2019	2020	2019	2020
Product sales	2,516,862	3,422,151	3,906,611	1,293,079	1,474,246
Services	2,876,175	3,856,041	4,944,952	1,491,048	1,872,452
Total net revenues	5,393,037	7,278,192	8,851,563	2,784,127	3,346,698
Operating expenses:					
Cost of products	(2,034,852)	(2,774,342)	(3,326,243)	(1,057,311)	(1,286,659)
Fulfilment	(1,262,302)	(1,678,191)	(2,259,176)	(665,322)	(850,991)
Sales and marketing	(1,338,970)	(1,815,642)	(2,130,667)	(647,972)	(741,386)
Technology and content	(268,973)	(392,951)	(409,870)	(108,687)	(110,148)
General and administrative	(154,845)	(215,660)	(224,045)	(66,802)	(69,167)
Other operating income (expense), net	22,678	(17,753)	57,115	(42,098)	12,281
Total operating expenses	(5,037,264)	(6,894,539)	(8,292,886)	(2,588,192)	(3,046,070)
Income from operations	355,773	383,653	558,677	195,935	300,628
Other income (expenses):					
Interest income	8,017	42,614	41,373	13,147	13,679
Interest expense	(13,058)	(61,316)	(66,124)	(19,973)	(14,097)
Impairment loss of investments	(9,021)	(9,021)	(10,800)	(9,021)	(10,000)
Exchange gain (loss)	(5,991)	(7,663)	25,725	(3,452)	25,544
Income before income tax and share of income (loss) in equity method investment	335,720	348,267	548,851	176,636	315,754
Income tax expense	(64,953)	(71,144)	(127,787)	(37,961)	(75,951)
Share of income (loss) in equity method investment	(996)	4,768	5,470	3,624	(967)
Net Income	269,771	281,891	426,534	142,299	238,836

Data Source: 20-F and 6-K

Selected Consolidated Balance Sheet



Selected Consolidated Balance Sheet Data

in RMB '000	As of December 31,		
	2018	2019	2020
ASSETS			
Cash and cash equivalents	457,340	1,144,451	3,579,665
Restricted cash	125,515	382,359	151,354
Accounts receivable, net ⁽¹⁾	1,547,631	1,800,896	2,188,977
Inventories, net ⁽¹⁾	650,348	896,818	1,026,038
TOTAL ASSETS ⁽¹⁾	4,015,824	7,096,600	10,474,692
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payable	886,340	877,093	421,562
Short-term loan	436,200	428,490	—
Long-term loan	68,753	1,859,896	1,762,847
TOTAL LIABILITIES ⁽¹⁾	1,820,808	4,496,829	4,332,088
Baozun Inc. shareholders' equity	2,177,543	2,568,731	6,111,021
TOTAL LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY ⁽¹⁾	4,015,824	7,096,600	10,474,692

(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 December 31,	
	2016	2017	2018	2019	2020	2019	2020
Income from operations	90,066	256,332	355,773	383,653	558,677	195,935	300,628
Add: Share-based compensation expenses	34,185	58,231	75,862	75,183	108,440	20,286	32,098
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	216,612	333,117
Net income	85,424	209,130	269,771	281,891	426,534	142,299	238,836
Add: Share-based compensation expenses	34,185	58,231	75,862	75,183	108,440	20,286	32,098
Amortization of intangible assets resulting from business acquisition	—	782	1,564	1,564	1,564	391	391
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	162,878	271,227
Net income (loss) attributable to ordinary shareholders of Baozun Inc.	86,633	208,866	269,712	281,297	425,992	140,874	239,347
Add: Share-based compensation expenses	34,185	58,231	75,862	75,183	108,440	20,286	32,098
Amortization of intangible assets resulting from business acquisition	—	398	796	796	796	199	199
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	161,309	271,594

Data Source: Prospectus, 20-F and 6-K

A wide-angle photograph of the aurora borealis (Northern Lights) in a snowy mountain landscape. The aurora is a vibrant green and blue light display, appearing as a large, curved band of light in the night sky. The sky is filled with numerous stars, and the foreground shows snow-covered mountain slopes. The overall scene is dark and atmospheric.

Thank You!

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