

4Q 2022 Earnings Presentation

March 22, 2023

BAO ZUN



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This presentation contains forward-looking statements, including statements about timing and results of any current or proposed acquisition 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 “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” “confident,” “potential,” “continues,” “ongoing,” “targets,” “guidance,” “going forward,” “looking forward,” “outlook” 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. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to Baozun's filings with the United States Securities and Exchange Commission and its announcements, notices or other documents published on the website of The Stock Exchange of Hong Kong Limited. 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. 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.

4Q22 Financial Highlights



GMV⁽¹⁾



Revenue



Non-GAAP
Operating Income⁽²⁾



Non-GAAP Net Income
to Shareholders⁽³⁾



Operating
Cash Flow⁽⁴⁾

RMB 26 bn

-2% YoY

RMB 2.6 bn

-20% YoY

RMB 183 mn

+ 157% YoY

RMB 138 mn

+ 83% YoY

RMB 622 mn

+ 88 mn YoY

(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.

(2) Non-GAAP income 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.

(3) Non-GAAP net income 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.

(4) Unaudited operating cash flow, based on the Company's internal management account.

The “New” Baozun Group



Baozun E-Commerce (BEC) 

Core business

- Cultivate China e-commerce market, enhance service depth and value proposition
- Omni-channel empowerment
- Value-added oriented end-to-end solution provider and business enabler with continuous innovations

Baozun Brand Management (BBM) 

Growth & profitability focus

- 360° brand management
- Online merge offline
- China for China
- Gap Greater China
- Other potential brands

Baozun International (BZI) 

Long term opportunity

- Glocalization
- Replicate China e-commerce insights to explore overseas market
- Progressively exploring strategic markets including Southeast Asia, Europe etc.

Technology 

Our vision “Technology Empowers Future Success”

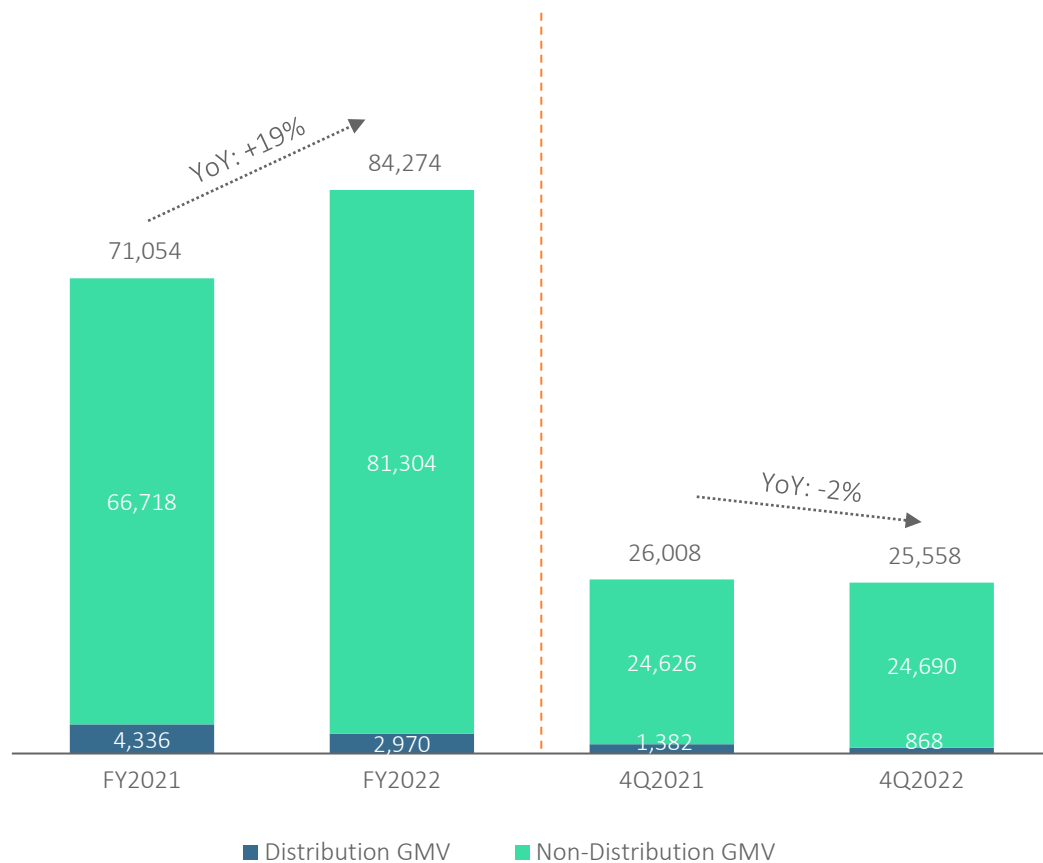
- Backbone to support business development and innovations
- Efficiency enhancement as well as sales engine
- Empower more brand partners through Baozun Omni-channel Digital Operating Platform (BOCDOP)
- Creative business model to drive additional growth drivers for Baozun

Topline Resilience Despite COVID Disruptions



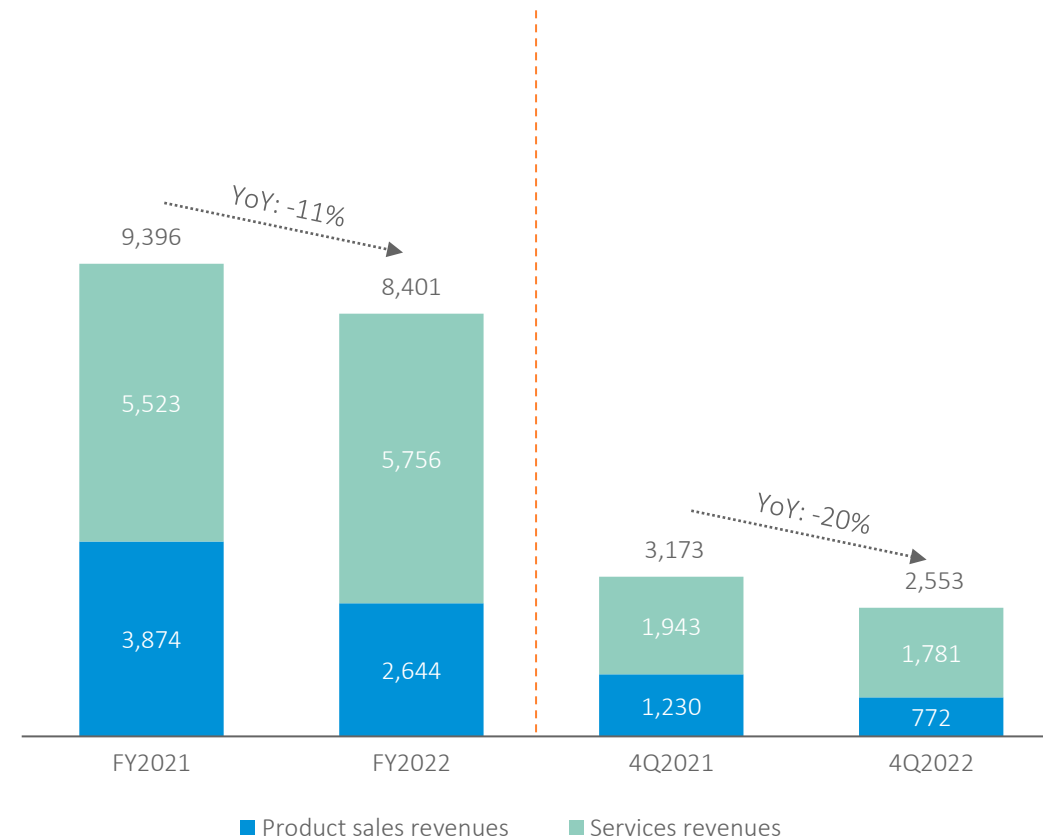
Total GMV ⁽¹⁾

RMB mn



Total Net Revenues

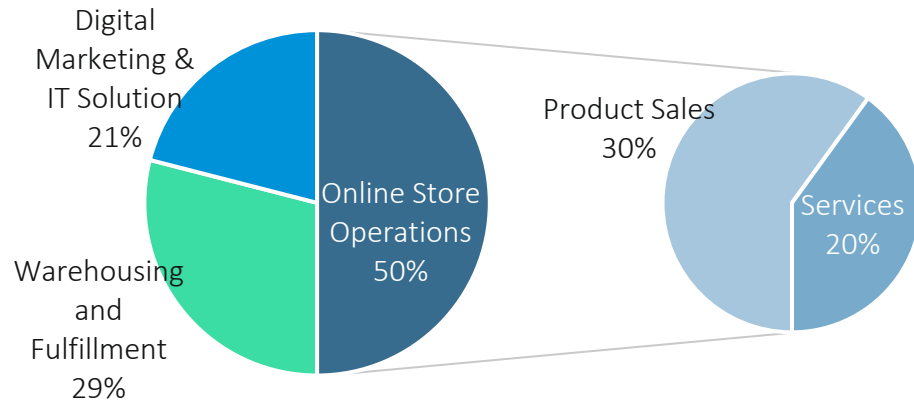
RMB mn



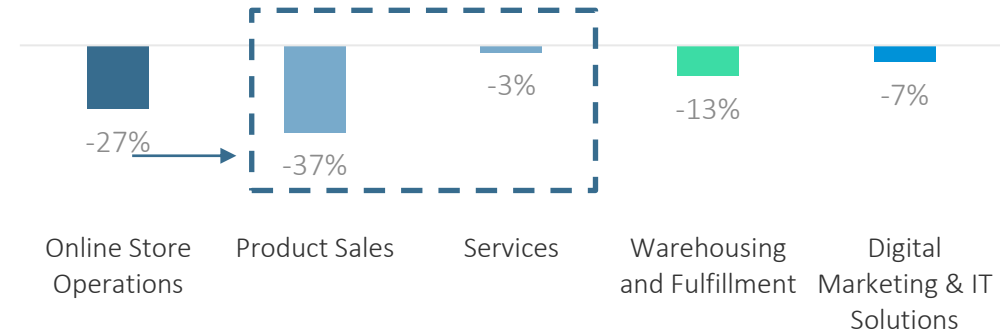
(1) Gross merchandise volume includes value added tax and excludes (i) shipping charges, (ii) surcharges and other taxes, (iii) value of the goods that are returned and (iv) deposits for purchases that have not been settled.

4Q22 Revenue Breakdown

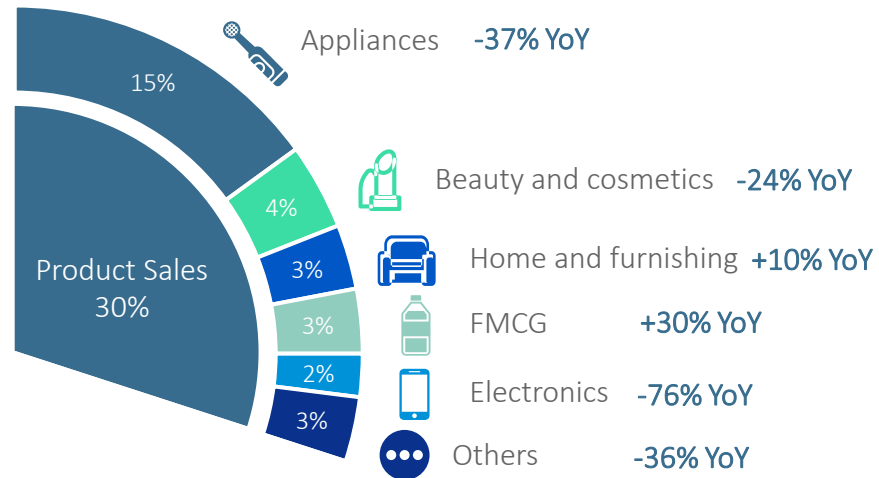
Revenue Breakdown by Service Segment



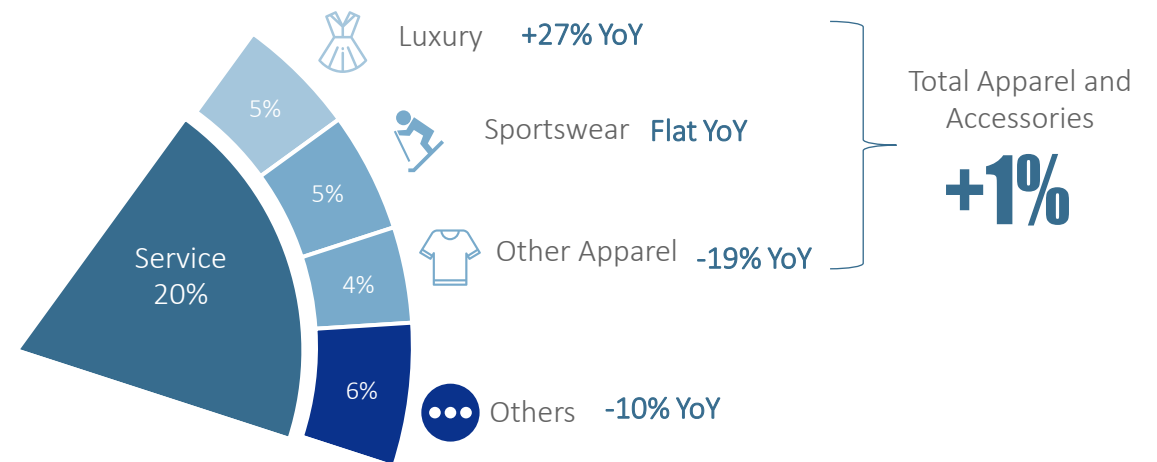
Revenue YoY Growth Breakdown by Service Segment



Product Sales Revenue Breakdown by Key Category ⁽¹⁾



Service Revenue Breakdown by Key Category ⁽¹⁾

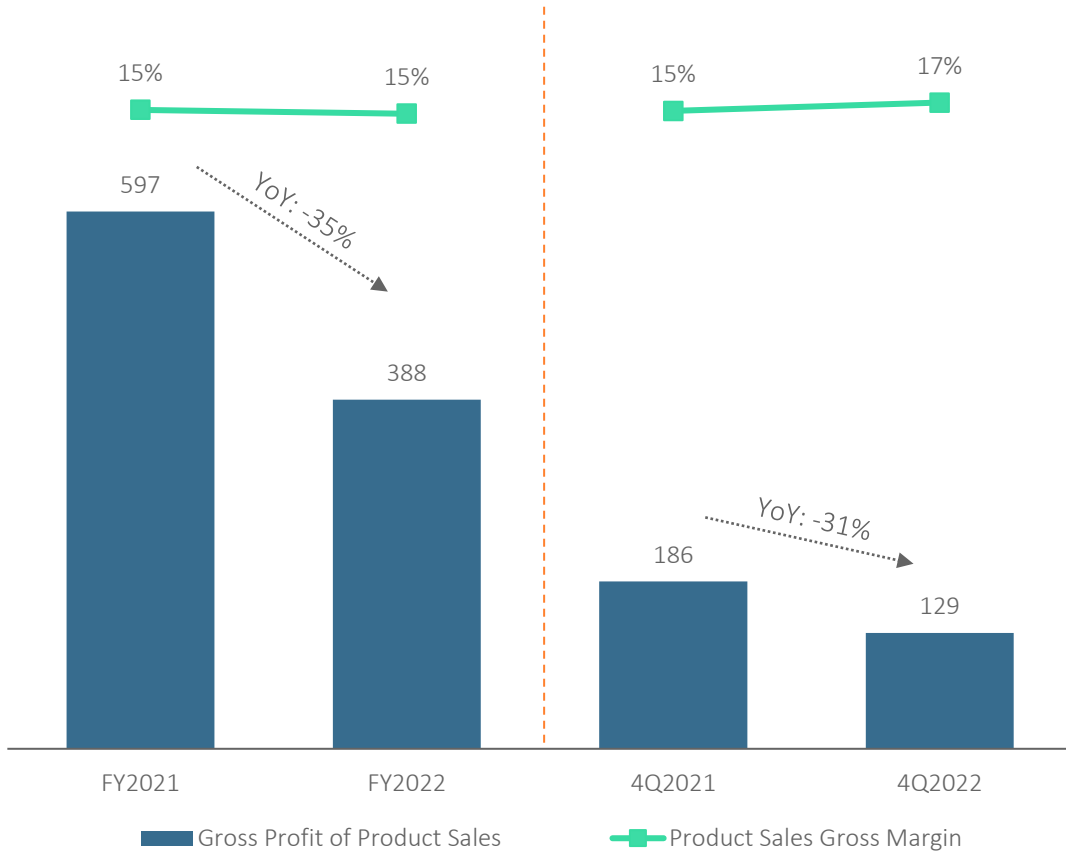


(1) Key categories refer to the categories that accounted for no less than 10% of product sales revenues and services revenue, respectively, during the periods indicated.

Improved Gross Margin

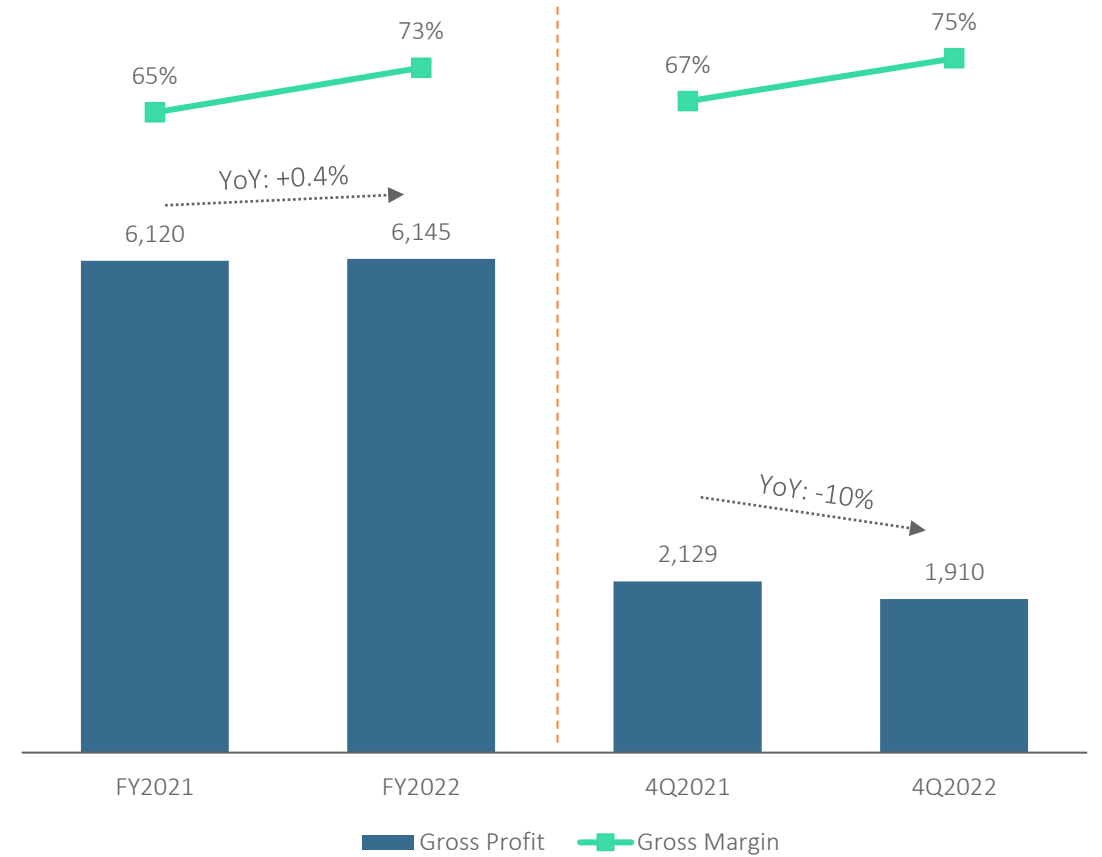
Gross Profit of Product Sales (1)

RMB mn



Gross Profit (2)

RMB mn



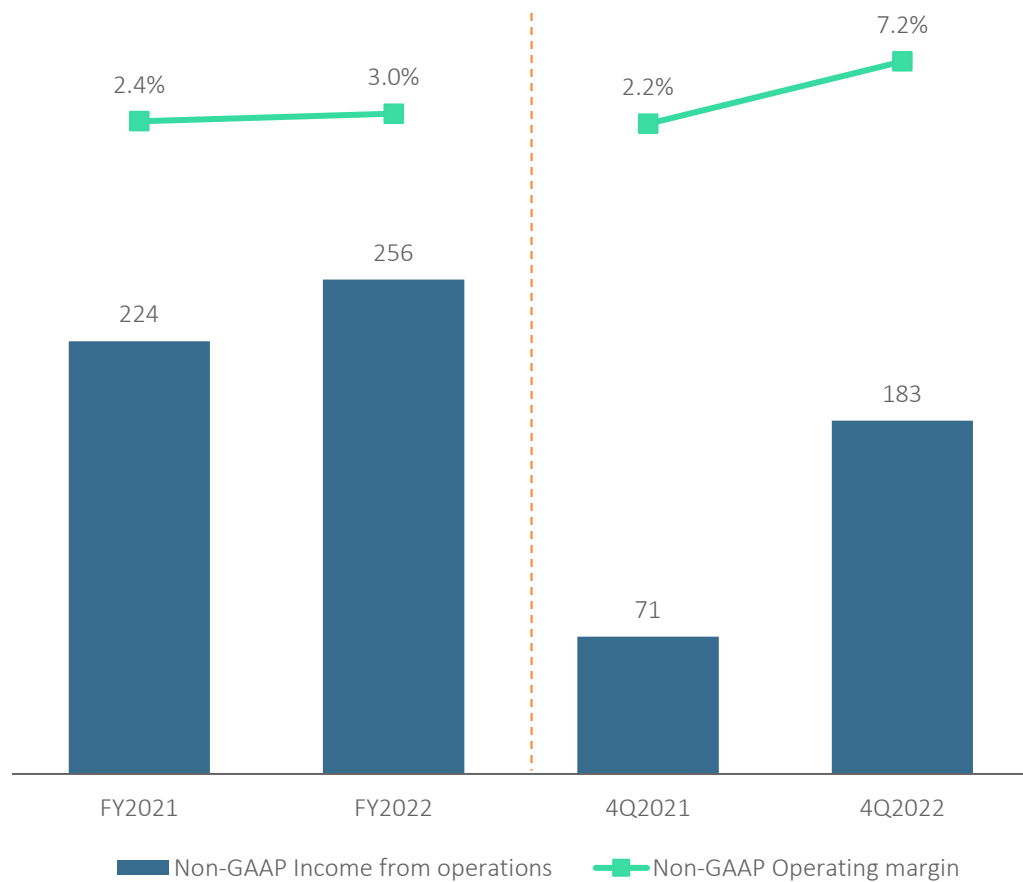
(1) Gross profit of product sales equals product sales revenue minus cost of products. Product sales gross margin equals gross profit of product sales divided by product sales revenue.
 (2) Gross profit equals total net revenues minus cost of products. Gross margin equals gross profit divided by total net revenues.

Solid Profitability Trend



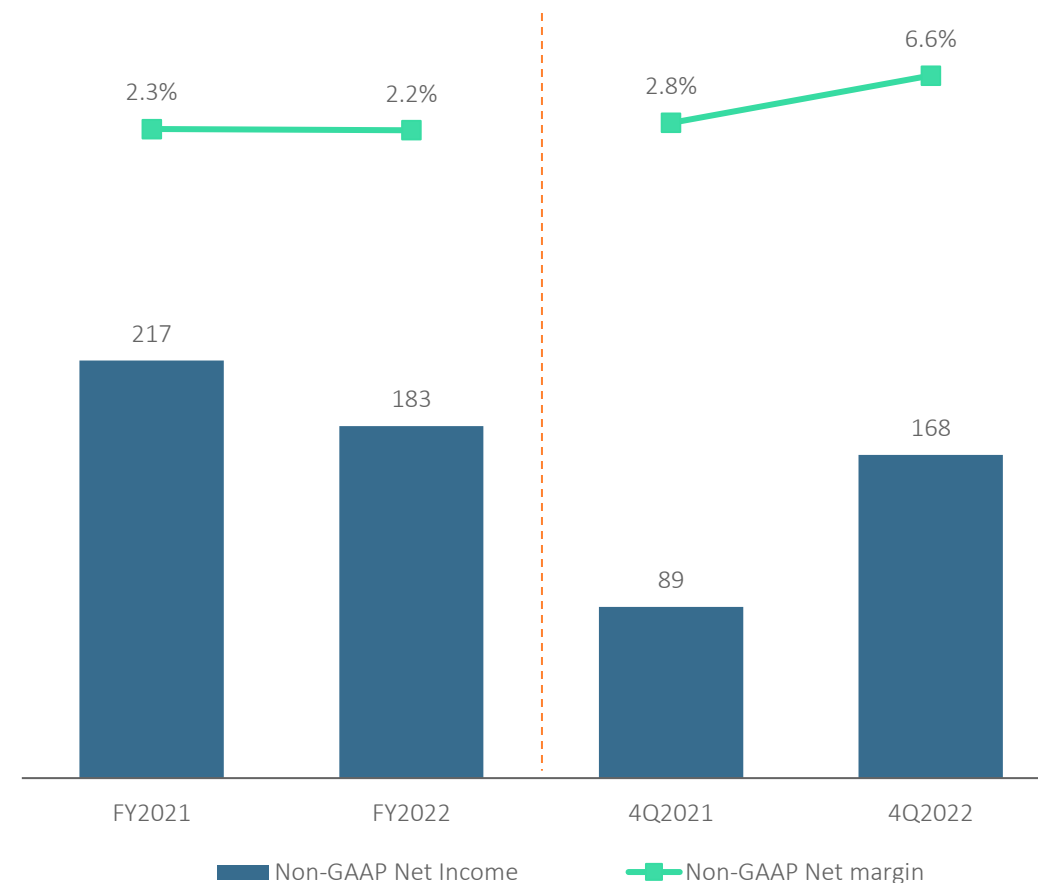
Non-GAAP income from operations ⁽¹⁾

RMB mn



Non-GAAP net income ⁽²⁾

RMB mn



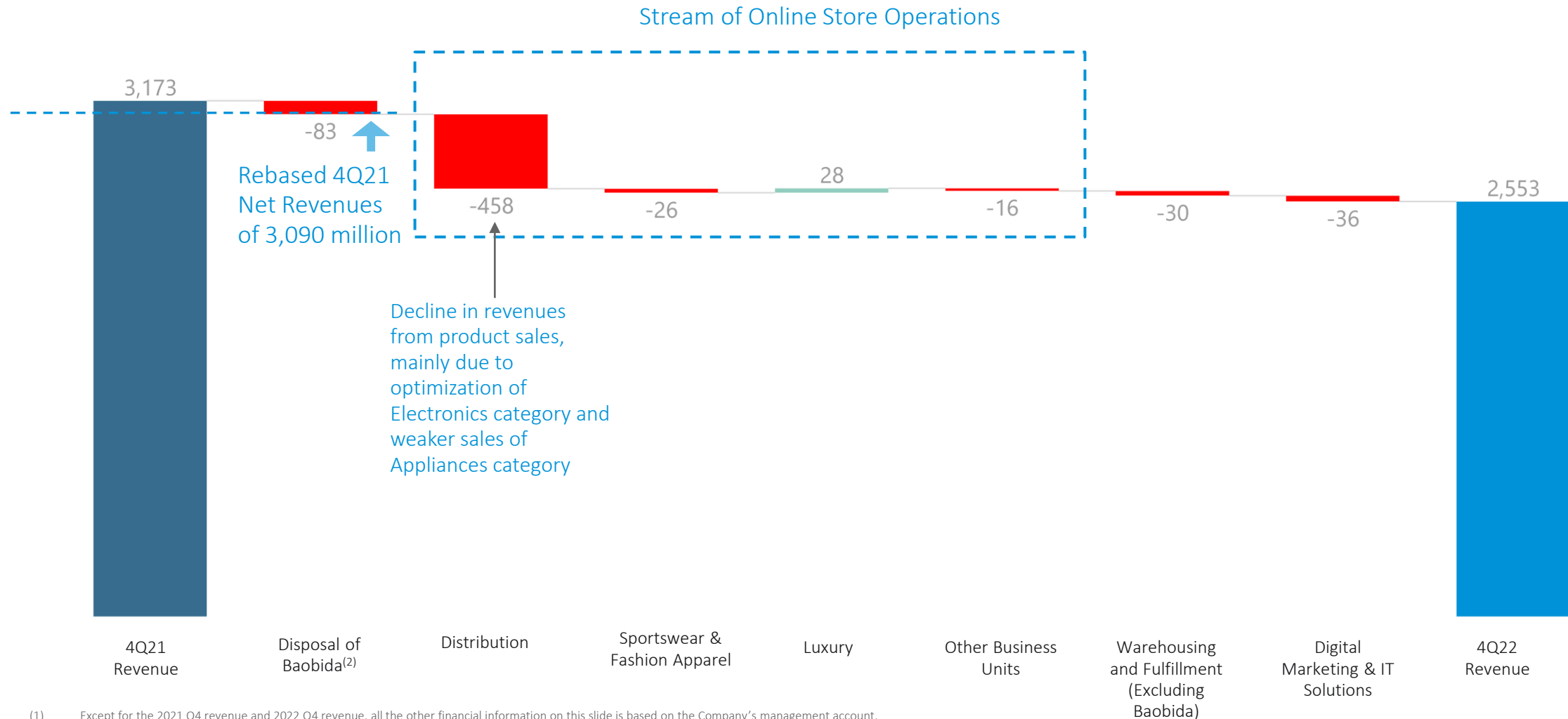
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Net Revenues Walk 4Q21 vs 4Q22

Net Revenues Bridge ⁽¹⁾

RMB Mn



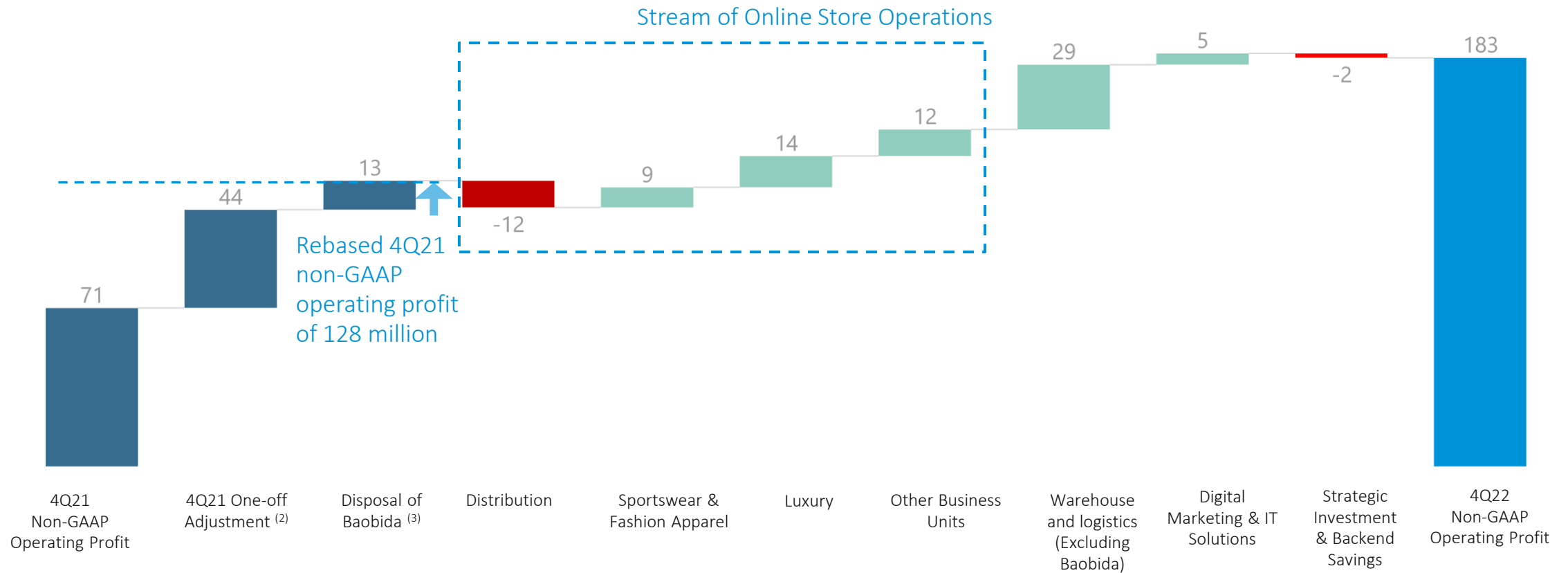
(1) Except for the 2021 Q4 revenue and 2022 Q4 revenue, all the other financial information on this slide is based on the Company's management account.
 (2) Refers to the Company's divestiture of a subsidiary of its warehouse and supply chain businesses that was acquired in the second quarter of 2021.

Profits Walk 4Q21 vs 4Q22



Non-GAAP Operating Profit Bridge ⁽¹⁾

RMB Mn

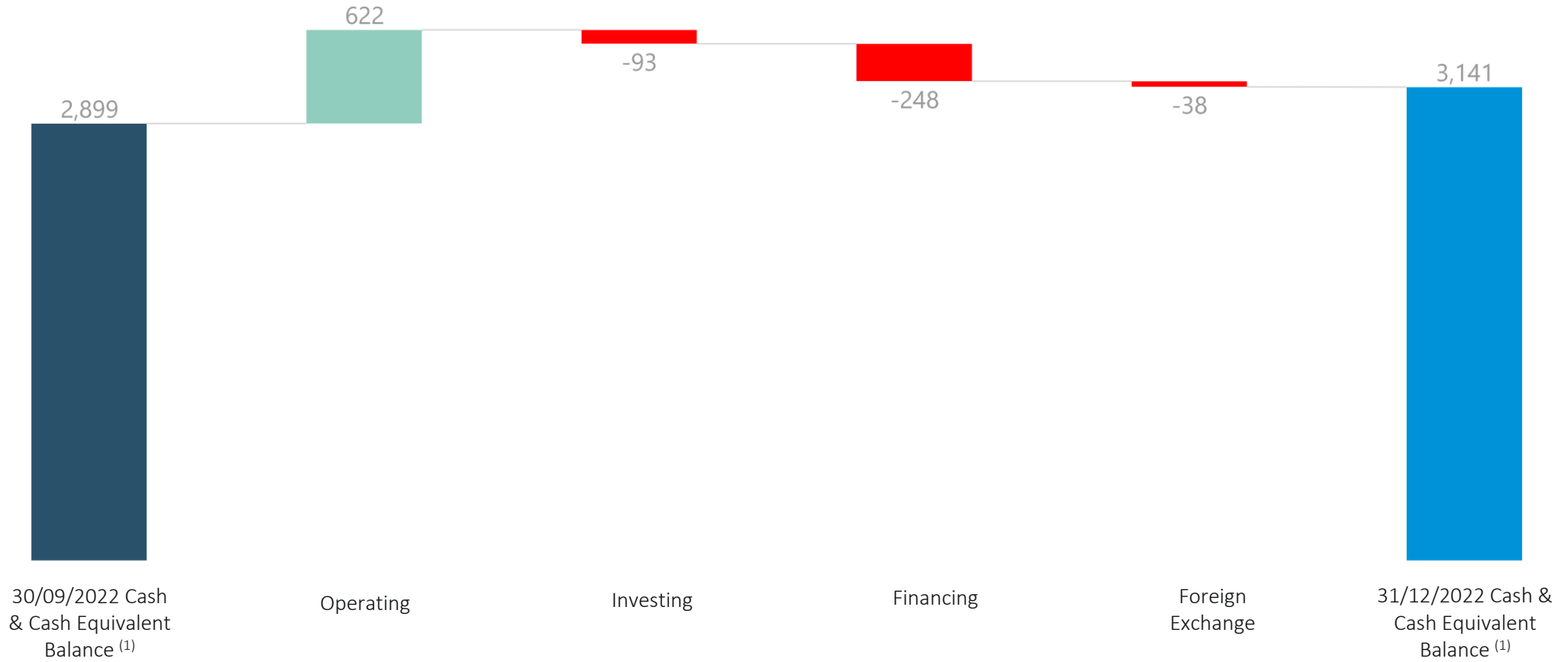


(1) Except for the 2021 Q4 non-GAAP operating profit and 2022 Q4 non-GAAP operating profit, all the other financial information on this slide is based on the Company's management account.
 (2) Refers to an accelerated amortization of leasehold as the Company moved to its new headquarter in October 2021.
 (3) Refers to the Company's divestiture of a subsidiary of its warehouse and supply chain businesses that was acquired in the second quarter of 2021.

Cash Flow Walk 3Q22 vs 4Q22



RMB Mn



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



GMV⁽¹⁾



Revenue



Non-GAAP
Operating Income⁽²⁾



Non-GAAP Net Income
to Shareholders⁽³⁾



Operating
Cash Flow⁽⁴⁾

RMB 84 bn

+19% YoY

RMB 8.4 bn

-11% YoY

RMB 256 mn

+ 14% YoY

RMB 132 mn

-34% YoY

RMB 367 mn

+ 463 mn YoY

(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

(2) Non-GAAP income 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.

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(4) Unaudited operating cash flow, based on the Company's internal management account.



Omni-Channel

42% brand partners
Engaged on omni-channel
basis



Logistics

Strengthened strategic
cooperation with *Cainiao*



Value-added Service

400+ brand partners
In service of online store
operations, IT, digital marketing,
warehousing & fulfillment



ESG

Issued Baozun Carbon
Neutrality White Paper



Regional Service Center (RSC)

Steady expansion, cost reduction
Efficiency and quality improvement



Dual-primary Listing

HKEX & Nasdaq



Baozun Omni-Channel Digital Operating Platform (BOCDOP)

Technology commercialization



Human Resource

Won Best Employer Brands
Award for the 7th
consecutive year



Technology is at the center of our strategy and competitive advantage: operations require technology and data, and this is why brands need us. Our expertise in technology at the service of brand operations can translate into different business model but fundamentally defines what we are and what we are not.

Holistic brand management

- From online to offline
- From supply chain to marketing, go-to-market and distribution
- In a portfolio approach

Positioning

- Mid-end and premium consumer lifestyle brands

Target

- Brands with strong potential in China and Asia
- Brands with strong digital potential



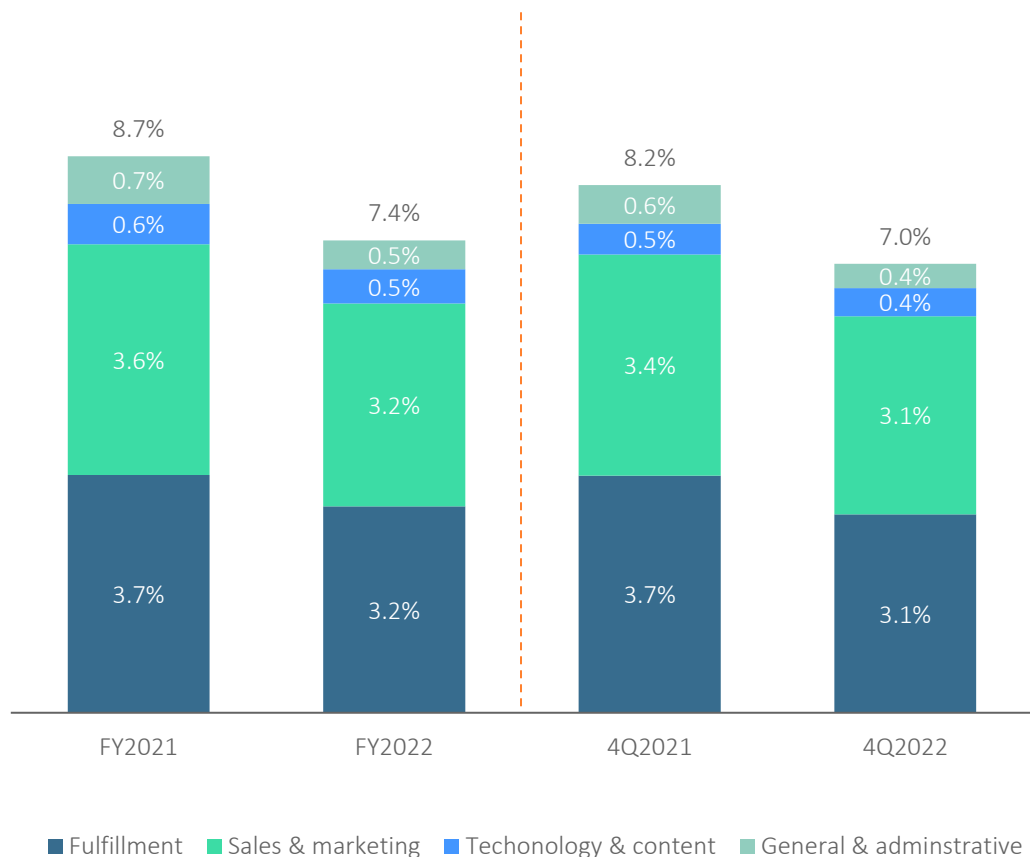
Q&A

Appendix



Operating Expenses Breakdown

Operating expenses breakdown (as % of total GMV)



Operating expense analysis (for 4Q2022)



Fulfillment 789MM
-17.7% YoY

- Decline in warehouse and logistics revenue
- Reduction of RMB85.4 million in freight expenses resulting from the Company's divesture of a subsidiary of its warehouse and supply chain businesses in 3Q22
- Additional savings in customer services expenses resulting from expanding use of regional service centers



Sales & Marketing 788MM
-12.0% YoY

- Decline in GMV generated
- Less revenue from digital marketing
- Efficiency improvement in staff cost to serve the Company's brand partners



Technology & Content 112MM
-11.0% YoY

- Cost control initiatives
- Efficiency improvement
- Ongoing investment in technological innovation and productization



G&A 92MM
-41.8% YoY

- Higher general and administrative expenses of 44MM in the same quarter of last year, due to an accelerated amortization of leasehold as the Company moved to its new headquarters in October 2021
- Cost control initiatives
- Efficiency improvements
- Increased professional fees related to the acquisition of Gap Greater China in 4Q22

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,	
	2020	2021	2022	2021	2022
Product sales	3,906,611	3,873,589	2,644,214	1,230,025	772,375
Services	4,944,952	5,522,667	5,756,417	1,942,853	1,780,789
Total net revenues	8,851,563	9,396,256	8,400,631	3,172,878	2,553,164
Operating expenses:					
Cost of products	(3,326,243)	(3,276,571)	(2,255,950)	(1,043,606)	(643,311)
Fulfilment	(2,259,176)	(2,661,126)	(2,719,749)	(958,863)	(789,459)
Sales and marketing	(2,130,667)	(2,549,842)	(2,674,358)	(895,397)	(787,684)
Technology and content	(409,870)	(448,410)	(427,954)	(126,060)	(112,146)
General and administrative	(224,045)	(525,802)	(371,470)	(157,148)	(91,508)
Other operating income (expense), net	57,115	72,516	95,292	12,197	8,167
Impairment of goodwill	-	-	(13,155)	-	(13,155)
Total operating expenses	(8,292,886)	(9,389,235)	(8,367,344)	(3,168,877)	(2,429,096)
Income (loss) from operations	558,677	7,021	33,287	4,001	124,068
Other income (expenses):					
Interest income	41,373	62,943	45,816	9,074	21,073
Interest expense	(66,124)	(56,847)	(56,917)	(16,102)	(13,647)
Unrealized investment loss	-	(209,956)	(97,827)	(21,024)	5,037
Gain (loss) on disposal of subsidiaries and investment in equity investee	-	150	(107,032)	150	(7,511)
Gain on repurchase of CB	-	-	7,907	-	-
Impairment loss of investments	(10,800)	(3,541)	(8,400)	-	-
Exchange (gain)/loss	25,725	46,226	(32,384)	26,726	1,460
Fair value loss on derivative liabilities	-	-	(364,758)	-	(364,758)
Income (loss) before income tax and share of income (loss) in equity method investment	548,851	(154,004)	(580,308)	2,825	(234,278)
Income tax expense	(127,787)	(55,259)	(26,480)	(1,818)	(15,600)
Share of income (loss) in equity method investment	5,470	3,300	(3,586)	2,086	(6,573)
Net (loss) Income	426,534	(205,963)	(610,374)	3,093	(256,451)

Reconciliations of GAAP and non-GAAP Financial Measures

In RMB '000	For the year ended December 31,			For the three months ended December 31,	
	2020	2021	2022	2021	2022
Income (loss) from operations	558,677	7,021	33,287	4,001	124,068
Add: Share-based compensation expenses	108,440	196,547	142,381	55,965	13,690
Amortization of intangible assets resulting from business acquisition	1,564	20,536	39,431	11,056	8,511
Acquisition-related expenses	-	-	13,694	-	13,694
Impairment of goodwill	-	-	13,155	-	13,155
Loss related to investments ⁽¹⁾	-	-	9,495	-	9,495
Cancellation fees of repurchased shares	-	-	4,650	-	-
Non-GAAP income (loss) from operations	668,681	224,104	256,093	71,022	182,613
Net income (loss)	426,534	(205,963)	(610,374)	3,093	(256,451)
Add: Share-based compensation expenses	108,440	196,547	142,381	55,965	13,690
Amortization of intangible assets resulting from business acquisition	1,564	20,536	39,431	11,056	8,511
Acquisition-related expenses	-	-	13,694	21,024	13,694
Impairment of goodwill and investments	-	-	21,555	-	13,155
Loss related to investments ⁽¹⁾	-	209,956	579,112	-	376,727
Cancellation fees of repurchased shares	-	-	4,650	-	-
Less: Tax effect of amortization of intangible assets resulting from business acquisition	(392)	(3,686)	(7,880)	(1,853)	(1,640)
Non-GAAP net income (loss)	536,146	217,390	182,569	89,285	167,686
Net income (loss) attributable to ordinary shareholders of Baozun Inc.	425,992	(219,830)	(653,290)	(8,345)	(284,269)
Add: Share-based compensation expenses	108,440	196,547	142,381	55,965	13,690
Amortization of intangible assets resulting from business acquisition	796	15,574	30,076	8,348	6,537
Acquisition-related expenses	-	-	13,694	21,024	13,694
Impairment of goodwill and investments	-	-	21,555	-	13,155
Loss related to investments ⁽¹⁾	-	209,956	579,112	-	376,727
Cancellation fees of repurchased shares	-	-	4,650	-	-
Less: Tax effect of amortization of intangible assets resulting from business acquisition	(200)	(2,645)	(5,972)	(1,311)	(1,252)
Non-GAAP net income (loss) attributable to ordinary shareholders of Baozun Inc.	535,028	199,602	132,206	75,681	138,282

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

Consolidated Balance Sheet

Selected Consolidated Balance Sheet Data

in RMB '000	For the year ended December 31,		
	2020	2021	2022
ASSETS			
Cash and cash equivalents	3,579,665	4,606,545	2,144,020
Restricted cash	151,354	93,219	101,704
Short-term investments	1,448,843	-	895,425
Accounts receivable, net ⁽¹⁾	2,188,977	2,260,918	2,292,678
Inventories, net ⁽¹⁾	1,026,038	1,073,567	942,997
Property and equipment, net	430,089	652,886	694,446
Right-of-use assets	524,792	1,095,570	847,047
Other assets	1,124,933	2,536,275	2,204,153
TOTAL ASSETS ⁽¹⁾	10,474,691	12,318,980	10,122,470
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payable	421,562	494,079	474,732
Short-term loan	-	2,288,465	1,016,071
Long-term loan	1,762,847	-	-
Accrued expenses and other current liabilities	991,180	984,519	1,025,540
Operating lease liabilities	535,556	1,161,671	909,400
Other liabilities	620,943	908,897	1,020,389
TOTAL LIABILITIES ⁽¹⁾	4,332,088	5,837,631	4,446,132
Baozun Inc. shareholders' equity	6,111,021	4,896,359	4,084,162
Noncontrolling interests	31,582	1,584,990	1,592,176
TOTAL LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY ⁽¹⁾	10,474,691	12,318,980	10,122,470

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

Thank You!

BAO ZUN

