



## Baozun Releases 2020 Chairman Letter

April 12, 2021

SHANGHAI, China, April 12, 2021 (GLOBE NEWSWIRE) --

### Dear Shareholders:

Thank you for your continuing support and confidence in Baozun's people and leadership.

### Demonstrating resilience, flexibility and commitment

The Covid-19 pandemic made 2020 a year of challenge and uncertainty. However, we have been able to offer seamless and uninterrupted, quality services to our brand partners. I am deeply proud of the tenacity and flexibility our organization displayed during the pandemic.

In fact, the pandemic to some degree helped to shift consumer behavior from offline to online channels. Not only does China have the largest number of online e-commerce users in the world with over 750 million people shopping digitally, but online penetration is also deepening, to a record 24.9% in 2020, according to the National Bureau of Statistics of China. These figures reflect that online shopping has become deeply embedded in the daily life of Chinese consumers.

Rooted in our vision of "Technology empowers future success," we were able to develop systematic, technology-driven business contingency plans as well as innovative tactical solutions to help our brand partners weather the impact of the pandemic, and seize the opportunities of the rapidly evolving e-commerce environment. We have seen our brand partners both achieve success and accelerate their digital transformation. As the leading service partner in brand e-commerce, we believe Baozun played an important role in advancing the market objectives of our brand partners during a complex period, and are ideally positioned to continue supporting them as China's e-commerce market evolves.

### 2020: A year of high-quality growth

We prioritized a strategy of high-quality growth throughout 2020. During the year, we optimized our brand portfolio to allocate resources, identified new categories to promote topline growth, and improved operating efficiency by reengineering our processes and streamlining operations.

Digitalization and innovation will continue to play a vital part as we expand our competitive moat. In 2020, our dual focus on innovation and productization was the driver for seamless integration, digitalization and intelligence of our services. We were pleased to see significant progress in our Retail Operation Support System, or ROSS, automation application, in launching a rich portfolio of one-click toolkits, and its integration into consolidated operations, driving overall operational efficiency and optimizing business process reengineering.

Over the past few years, we have constructed a comprehensive Digital Operating Platform, or DOP, that integrates our IT infrastructure, AI applications and data intelligence capabilities. As a third-party service provider, our infrastructure and unrivalled technology uniquely position us to help brand partners execute comprehensive omni-channel strategies and we are particularly pleased with our progress during the year. For the first time, our non-Tmall channels accounted for over 25% of total annual GMV, of which [non-official.com](#) GMV surpassed 10% for the first time. We have seen the rapid growth of new and emerging channels and believe such channels have the potential to be among our future growth drivers.

These efforts translated into a number of records in 2020. We generated RMB8.9 billion in total net revenue, a 21.6% year-over-year growth rate. Our brand acquisition momentum continued at a strong pace, bringing us up to 266 brand partners across a wide range of categories at the end of 2020. More importantly, we delivered a 45% rise in non-GAAP operating profit, and also generated a second consecutive year of both positive operating cash flow and free cash flow.

Overall, 2020 was a remarkable year for Baozun and we are pleased with our accomplishments. We achieved record results across every key metric of our business while continuing to help our brand partners accelerate digital transformation in the ever-evolving China e-commerce industry. In addition, we completed a secondary listing on the Hong Kong Stock Exchange in September, which gave us a solid cash foundation to pursue future growth and marked a new era for us in terms of broadening our access to capital. We believe that our achievements in 2020 created a solid foundation for future growth.

### Strategic focus for 2021 and beyond

We are continuing our commitment to a high growth strategy for sustainable and profitable growth in 2021 and beyond. To capitalize on the expanding China e-commerce opportunities and to achieve our objectives, we are launching a three-to-five-year medium-term strategic plan.

The three key pillars of the strategic plan are:

First, we will adopt a "customer-first" approach to drive growth by focusing on service differentiation to meet the diversified needs of our brand partners. We will explore business opportunities and implement customer segmentation strategies to attract potential new business from both existing and new brand partners.

Secondly, we will drive growth through the expansion of new businesses. We believe that as e-commerce in China evolves, there will be increasing opportunities to explore new channels. In the meantime, we will continue to explore new business models leveraging these new channels.

Thirdly, we will seek even greater optimization of our cost structure, through technology driven business process reengineering and service-quality-oriented location strategy.

Overall, we will bear in mind our long-term objective – delivering sustainable and profitable growth for our shareholders. We view 2021 as a unique year full of opportunities, and a year in which we will invest for our future. We will actively look for opportunities in new channels, new categories and new business models along with other opportunities to generate synergies with our current business, both organically and inorganically. We will continue to enhance our infrastructure enablers, including technology, digital marketing and warehouse and logistics, to further strengthen our competitive advantage.

We will also put more emphasis on environmental, social and governance initiatives, and I personally chair our recently established sustainability committee to support our growth from a long-term and sustainable perspective. In addition, “delivering quality through developing people” is rooted in our culture and values. “Delivering quality” deepens our value proposition to brand partners, while “developing people” ensures our Baozun family members can grow and develop. We truly believe that our people are our greatest assets, and we are planning to move our headquarters to a brand-new campus of over 40,000 square meters in the second half of 2021 to accommodate our growing team, support future business expansion and nurture a culture of cutting-edge innovation.

Finally, I would like to thank you again – our shareholders – for your long-term interest and support. We remain committed to our vision of “Technology empowers future success” and will continue to pursue our journey of sustainable and profitable growth through disruptive innovation. We are more motivated than ever and will continue to work hard for you. We are excited about the opportunities ahead and expect to have a tremendous 2021 with your help.

Sincerely,

Vincent Wenbin Qiu  
Chairman and Chief Executive Officer  
Baozun Inc.

### **Safe Harbor Statements**

This press release contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” “potential,” “continue,” “ongoing,” “targets,” “guidance,” “going forward,” “outlook” and similar statements. Statements that are not historical facts, including quotes from management in this announcement and statements about the Company’s strategies and goals, are or contain forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: the Company’s operations and business prospects; the Company’s business and operating strategies and its ability to implement such strategies; the Company’s ability to develop and manage its operations and business; competition for, among other things, capital, technology and skilled personnel; the Company’s ability to control costs; the Company’s dividend policy; changes to regulatory and operating conditions in the industry and geographical markets in which the Company operates; and other risks and uncertainties. Further information regarding these and other risks, uncertainties or factors is included in the Company’s filings with the U.S. Securities and Exchange Commission and Company’s announcements, notice or other documents published on the website of The Stock Exchange of Hong Kong Limited. All information provided in this press release is as of the date of this press release and are based on assumptions that the Company believes to be reasonable as of this date, and the Company does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

### **About Baozun Inc.**

Baozun Inc. is the leader and a pioneer in the brand e-commerce service industry in China. Baozun empowers a broad and diverse range of brands to grow and succeed by leveraging its end-to-end e-commerce service capabilities, omni-channel coverage and technology-driven solutions. Its integrated one-stop solutions address all core aspects of the e-commerce operations covering IT solutions, online store operations, digital marketing, customer services, and warehousing and fulfillment.

For more information, please visit <http://ir.baozun.com>.

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