



## **Baozun Releases 2021 Chairman Letter**

April 29, 2022

SHANGHAI, China, April 29, 2022 (GLOBE NEWSWIRE) --

### **Dear Shareholders:**

On behalf of the Board of Directors and the leadership team of Baozun, I want to thank you for your continuing support and confidence in Baozun. During the 15 years since our founding in 2007, the Baozun brand has gained immense trust and reputation in the market, and our business model and services have rapidly evolved. Throughout 2021, our industry, along with many others, witnessed considerable challenges from Covid-19 pandemic, Better Cotton Initiatives and the implementation of several new regulatory public policies. Thanks to our team's diligent hard work and our core systems' boundless flexibility, we were able to quickly adapt and optimize operations to move forward our strategies and initiatives for sustainable long-term growth.

### **Empowering More Brand Partners**

During a difficult market it is even more important to reiterate Baozun's vision, which is, "Technology empowers future success". Benefiting from our healthy category mix, omni-channel strategy, outstanding acquisitions and investments in people and technology, we believe Baozun in 2021 is ever more resilient and balanced. Furthermore, for longer term planning, we'll emphasize the expansion into Asia and commercialization of our technology.

Our brand acquisition momentum continued in 2021 with meaningful breakthrough in the luxury and high premium sectors. We onboarded 18 luxury brand partners in 2021 and exited the year with 333 brand partners under our umbrella for their store operations. We also continued to see acceleration in omni-channel development, especially in new emerging channels. While helping brand partners win incremental business opportunities, we further oriented our core e-commerce infrastructures towards omni-channel in order to incite stronger consumer engagements, regardless of whatever platforms they are on. Overall, our GMV grew by 27.6% year-over-year to RMB71 billion and non-TMALL channels expanded by 500 basis points to 31% of total GMV in 2021.

### **Accelerating Clients' Digital Transformation**

We are happy to be at the forefront of action helping our brand partners accelerate their digital transformation in China's fast-evolving e-commerce industry. With a trend that more and more international brands adopt a China-for-China strategy, and our deep understanding of brands and local insights, we see vast opportunities for us to help brand partners build their China-for-China business operations and China-focused core system and methodology. This is essential to garner success in our brand partners' e-commerce and direct-to-consumer strategy, and it is also central to Baozun's strategy, as captioned in our slogan, "empower future successes, with technology and business innovations".

Correspondingly, we kept pushing the boundaries of innovation and upgrading our technological infrastructures. On top of omni-channel oriented solutions, we launched a series of real-time business intelligence services and data analytics toolkits to help our brand partners make better business decisions, including a proprietary intelligent customer service management system "Service Anywhere", or S-ANY to improve consumer journey and ultimately to promote transactions. Meanwhile, we continued to upgrade our operating platforms and middle office for better process re-engineering and our automation to be more digitized, centralized, and integrated. We also scaled up two regional service centers in Nantong and Hefei in 2021 to further optimize resource allocation and driving efficiency.

All these efforts have won us great recognitions from the brand e-commerce industry. In a recent Net Promoter Score or "NPS" survey conducted by Nielsen, we achieved a very positive NPS result of greater than 8.5 out of 10. This validates our belief in "Customer First", and we aspire to keep building and fostering a culture that drives innovations and business efficiency to empower our brand partners.

### **Driving Growth Through M&A**

In 2021, we made notable progress in executing our M&A plans. We target complementary businesses that enhance our competitiveness, expand economies of scale, and help make our business portfolio more resilient and comprehensive. Our strategy on M&A mainly concentrates on four areas – capability expansion, horizontal consolidation, geographic expansion, and brand building.

Meanwhile, we executed the investment agreement with Cainiao, which not only enriched our financial resources but also opened the door for more business opportunities in both fulfillment and e-commerce. Combining Baotong's outstanding customer-centric services with Cainiao's large economies of scale and infrastructures, we believe our integrated service offerings will advance to the next level, especially the apparel and luxury categories, in being more premium, customized, diversified, and omni-channel.

We believe these acquisitions and strategic alliances will greatly strengthen our value creation for brand partners. Moving forward, we expect to embrace more businesses or partners into Baozun's portfolio, by which will enhance our value proposition, together with our core leadership position.

### **Keep Investing in People and Technology**

"Delivering Quality Through Developing People" is our faith, and we continue to invest in our people and organizational development. During 2021, we strategically grew our management team and also optimized our compensation policies, HR training systems, and employee coaching. In our recent

employee survey, I am delighted to see our employee satisfactory rate reached 88.5%, accenting a consecutive annual rise for the past five years. Concurrently, I'm happy that MSCI, in recognition of our comprehensive ESG initiatives, upgraded Baozun's ESG Rating to an 'A' in September 2021, highlighting our commitment to a sustainable Baozun ecosystem for the longer term.

Advancing forward, we streamlined the Company into four major groups, namely e-Commerce Group-ECG, Logistics and Supply Chain Group-LSG, Technology and Innovation Center-TIC, and Digital Marketing Group-DMG. With the Company being leaner, flatter, and more focused, we are crafting mechanisms that inspire the use of incentives to encourage innovation and broaden employee ownership.

## **2022 and Beyond**

Our ample financial resources enable us to pursue initiatives to further enhance shareholder value. In 2021, we completed a share repurchase of approximately US\$165 million out of our total US\$175 million share repurchase programs announced in 2021, and earlier this March, our Board of Directors expanded our share repurchase authorization by another US\$80 million. We believe this share repurchase not only delivers benefits to existing shareholders but also demonstrates our confidence in the future of Baozun.

Looking ahead, we anticipate short-term turbulence due to the recent worst-ever Covid lockdown in some cities in China (including Shanghai), which since mid-March has further dampened consumption and considerably disrupted business activities. Despite these challenges, we will conduct our business with courage, responsibility, intelligence and agility, to protect the interests of the company, and all shareholders. In the longer term, we strongly believe our resilience, business innovations and technology investments will triumph and earn us trust, branding and fortune. Furthermore, for longer term planning, we'll emphasize the expansion into Asia and commercialization of our technology. We are confident and poised to bring best-in-class services and innovative solutions to our brand partners, and march further on our long-term strategic plans to drive business growth and sustainable value creation.

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 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 the 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 is 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 the 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 <https://ir.baozun.com>

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