



Baozun Releases 2022 Chairman Letter

April 25, 2023

SHANGHAI, China, April 25, 2023 (GLOBE NEWSWIRE) --

Dear Shareholders:

On behalf of the Board of Directors and the management team of Baozun, I would like to express our sincere appreciation for your continued support in Baozun. Despite the challenges posed by weak macroeconomics and the on-going Covid-19 pandemic in 2022, we were able to progress our high-quality growth strategies.

Accomplishments in e-Commerce Service

At the beginning of 2022, we stressed that our overall goal was high-quality sustainable business development. To achieve this goal, we continuously focused on customer-centric value creation, business diversification, and cost optimization.

Throughout the year, we helped our partner brands finetune consumer journeys and developed interactive user engagement initiatives, including fan-generation campaigns, AI-based short-video creation tools, game-based interactive social marketing, and business intelligence dashboards to improve decision-making.

Our omni-channel momentum continued, helping brands identify evolving e-commerce trends to enhance resource allocation efficiency in real time. At year-end, 42% of our brand partners engaged with us on an omni-channel basis, and our value-added services revenue stream grew to approximately 50% of revenue by the end of 2022.

By centralizing our operating capabilities, we further optimized costs and increased efficiency. We achieved this by locating more than 60% of our customer service personnel in regional centers, reducing costs and increasing service quality.

Technology Empowerment

Adhering to our motto, "Technology empowers the future success", our technology and operating platforms serve as a foundation for our broadened scope of services and markets. Our technological edge defines our brand, setting us apart from competitors, and has enabled us to forge a sustainable, symbiotic relationship between physical retail and online commerce.

This year we also launched "Baozun Omni-Channel Digital Operating Platform" or "BOCDOP" to deepen the commercialization of technology and explore new market opportunities. BOCDOP enables multiple channel order fulfillment and delivers powerful omni-channel D2C, data intelligence and decision support functionalities to our brand partners. Clearly, our technology remains the backbone supporting business development and innovations, while also enhancing efficiency and enabling business model innovation to drive additional growth for Baozun.

Expanded Business Scope

Despite a challenging environment in 2022, our diversified business and optimized costs further enhanced our business resilience, and we were able to generate a record annual operating cash flow of RMB383 million. While it may take more time for a full recovery in consumer sentiment, we are encouraged by our brand partners' long-term commitments to further explore and invest into the China market. Looking forward, we see a trend of empowerment by technology and digitalization to engage with consumers in a more precise and interactive journey. Reflecting this trend, we have upgraded Baozun into three major business lines -- Baozun e-Commerce (BEC), Baozun Brand Management (BBM), and Baozun International (BZI).

Baozun Brand Management is a strategic addition that naturally flows from our existing core e-commerce services business. BBM leverages our dominant portfolio of technologies at the service of brands to engage in longer and deeper relationships. We aim to develop into a holistic, all-rounded partner for global brands to further unlock business potential in China. For BBM's first milestone, we acquired Gap Greater China. We believe the combination of our China-for-China strategy and technology and data-driven approach in product and consumer operations will propel Gap Greater China and our future brand portfolio to sustainable growth.

Baozun International is a longer-term opportunity that we will patiently invest in and explore. We have a natural opportunity to replicate our China E-Commerce success. We work with Brand Partners to co-develop "Glocalization". Glocalization is a term combining "global" and "local" and refers to our philosophy that while we pursue global opportunities, we will rely on local expertise and resources.

We are poised with our expanded business scope. BEC anchors our core business; BBM is our growth focus in the next three years; and, BZI represents a longer-term opportunity that we will continue to explore and improve. With greater business diversification and expanded leadership, we are confident in our roadmap.

Committed to Sustainability

Green development and sustainability are integral to our operating methodology, and positively impact every aspect of our business. We are committed to improving energy efficiency and reducing energy waste in warehousing and logistics parks. Putting our beliefs into action, we have promoted "full chain" green low-carbon operations, built a green e-commerce ecosystem, and cooperated with supply chain partners to explore green

procurement, packaging, and transportation for demand fulfillment to create for a sustainable future. We also encourage the active participation of our employees, brand partners, consumers and other stakeholders to promote a sustainable lifestyle while building a green e-commerce system.

At Baozun, we believe our greatest asset is our people. In 2022, we upgraded our "Baozun Campus", which offers our employees the opportunity to learn how to optimize their career growth trajectory. In recognition of these efforts, we were awarded the Best Employer Brands Award for the seventh consecutive year.

Overall, our ability to maintain operations and support our partners' success during times of macro uncertainty highlights the durability and strength of our business model. As we anticipate a more favorable macro environment in 2023, we are confident that our roadmap and excellent team will drive sustainable results.

Sincerely,

Vincent Wenbin Qiu
Founder, Chairman and Chief Executive Officer
Baozun Inc.

Safe Harbor Statements

This announcement 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," "confident," "potential," "continues," "ongoing," "targets," "guidance," "going forward," "looking forward," "outlook" or other similar expressions. Statements that are not historical facts, including but not limited to statements about Baozun's beliefs and expectations, are 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 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. All information provided in this announcement is as of the date hereof and is based on assumptions that Baozun believes to be reasonable as of this date, and Baozun undertakes no obligation to update such information, except as required under applicable law.

About Baozun Inc.

Founded in 2007, Baozun Inc. is a leader in brand e-commerce service, brand management, and digital commerce service. It serves more than 400 brands from various industries and sectors around the world, including East and Southeast Asia, Europe and North America.

Baozun Inc. comprises three major business lines -- Baozun e-Commerce (BEC), Baozun Brand Management (BBM) and Baozun International (BZI) and is committed to accelerating high-quality and sustainable growth. Driven by the principle that "Technology Empowers the Future Success", Baozun's business lines are devoted to empowering their clients' business and navigating their new phase of development.

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

For investor and media inquiries, please contact:

Baozun Inc.
Ms. Wendy Sun
Email: ir@baozun.com



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