

1Q 2022 Earnings Presentation

May 26, 2022



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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, amortization of intangible assets resulting from business acquisition, and unrealized investment loss 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.

1Q22 Financial Highlights



GMV⁽¹⁾

RMB 17.0 bn

+28% YoY



Total Net Revenues

RMB 2.0 bn

-2% YoY



Service Revenues

RMB 1.3 bn

+24% YoY



Non-GAAP Income from Operations⁽²⁾

RMB 4.7 mm

-94% YoY



Number of Brand Partners for Store Operations

345

Net +12 in 1Q22

(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 share-based compensation expenses and amortization of intangible assets resulting from business acquisition

01

Strategic Business Development



- Won high-quality brand especially in luxury, premium and lifestyle categories
- Net add **12** brand partners for store operations in 1Q22
- **345** brand partners for online store operations as of March 31, 2022

02

Omni-Channel



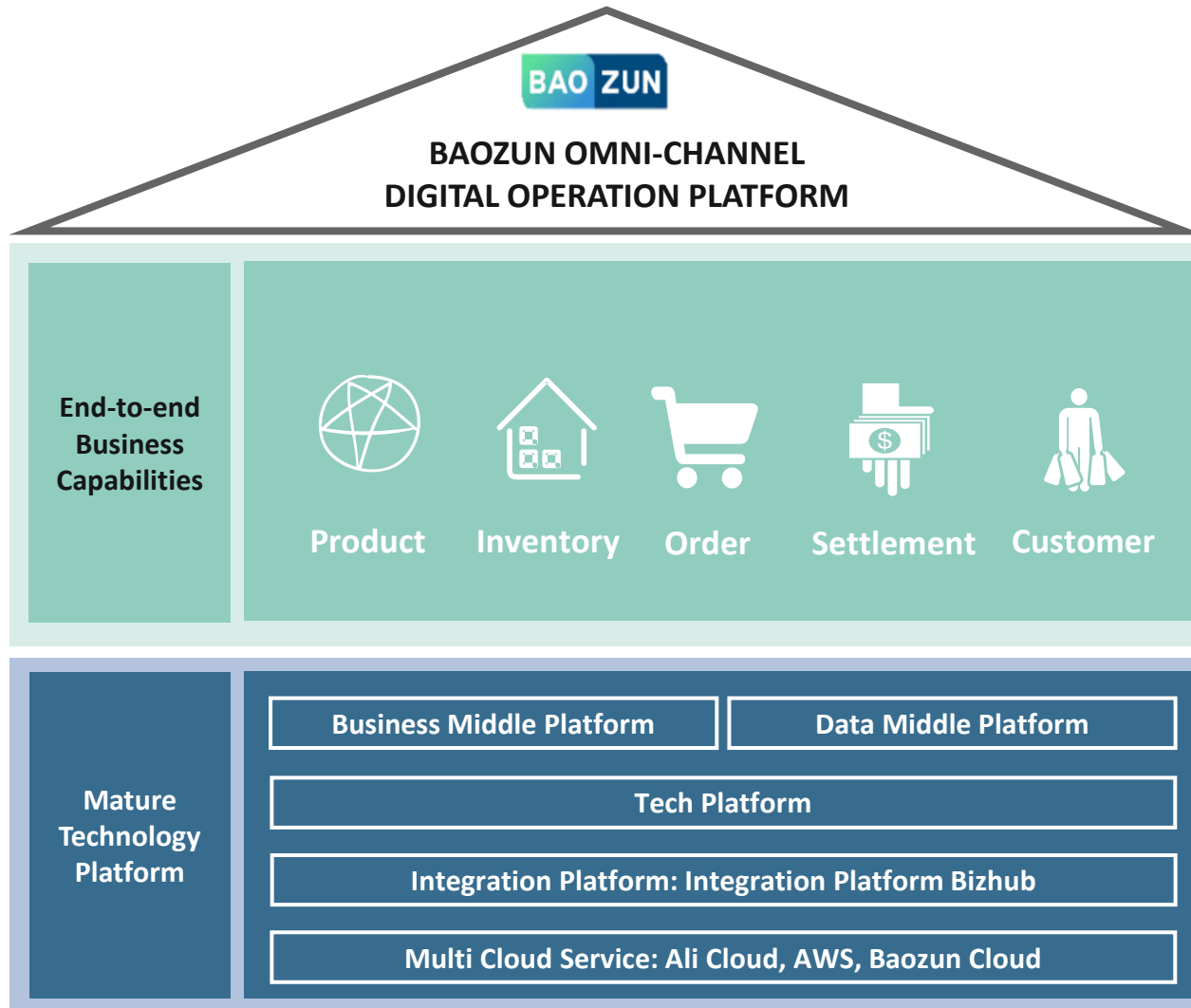
- **Enabling** brand partners to pursue omni-channel strategies, build up user assets and brand equity
- **40%** non-Tmall GMV contribution
- JD, Wechat mini-program, Douyin GMV achieved **triple-digit growth rate**

03

Rich-content & Livestreaming



- **Established three-fold service matrix:**
Daily in-store livestreaming + content oriented digital marketing + Douyin partner business
- Dedicated Douyin subbranch with **200+ staff** serving **several dozens of brands**



Successful Digital Transformation Cases



Tech Platform + Dedicated One Team to Co-develop China-for-China Solutions



Distribution Network Management Transformation Program



Regional Service Centers

- Digitalized platform Service Anywhere, or **S-ANY** serves as backbone to support remote service through intelligence
 - Ramping up **regional service centers**, with more functions and locations, to diversify operational risk
-



Logistics & Supply Chain

- Transit from centralized warehousing to **grid management**
 - Deploy **one-inventory** system and O2O toolkit such as “**Shopdog**”, to seamlessly integrate online and offline inventory
-



Operational Tactics

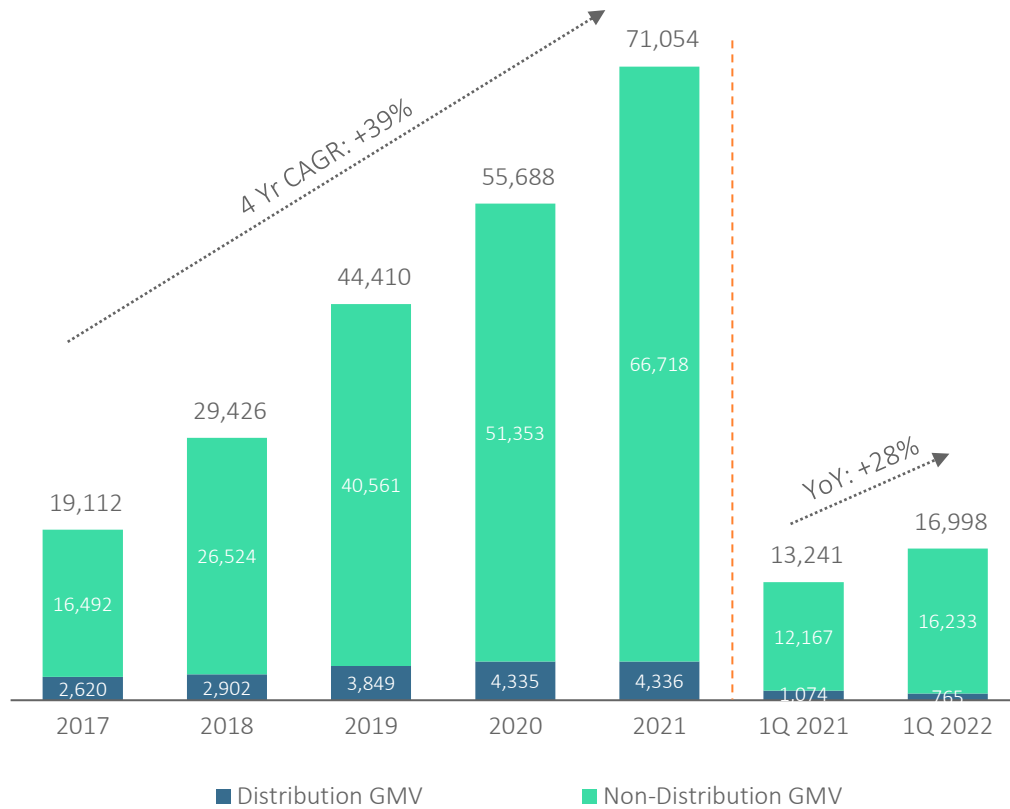
- Technology enabled omni-channel **digital operating platforms** and capabilities
 - **Digital convergence** between online and offline, through Wechat mini-program solutions
-

Resilient Topline Momentum



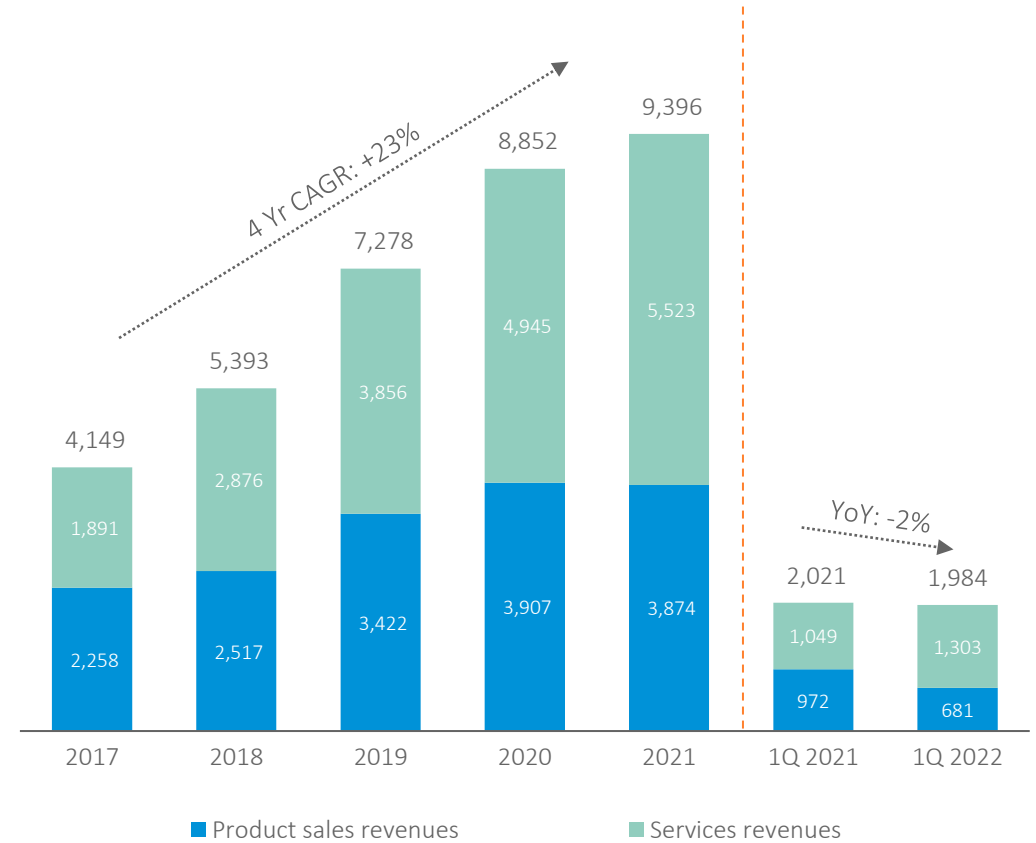
Total GMV ⁽¹⁾

RMB mn



Total Net Revenues

RMB mn

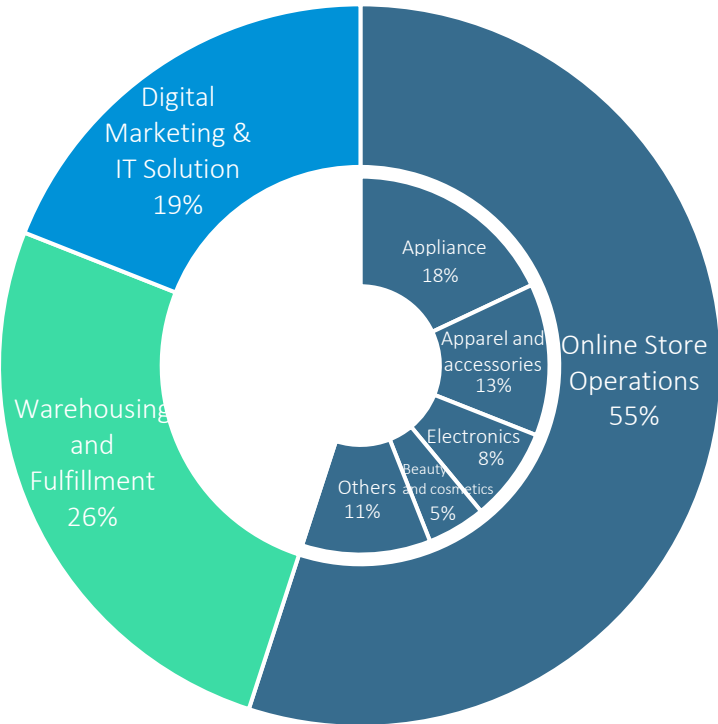


(1) Gross merchandise volume includes value added tax and excludes (i) shipping charges, (ii) surcharges and other taxes, (iii) value of the goods that are returned and (iv) deposits for purchases that have not been settled

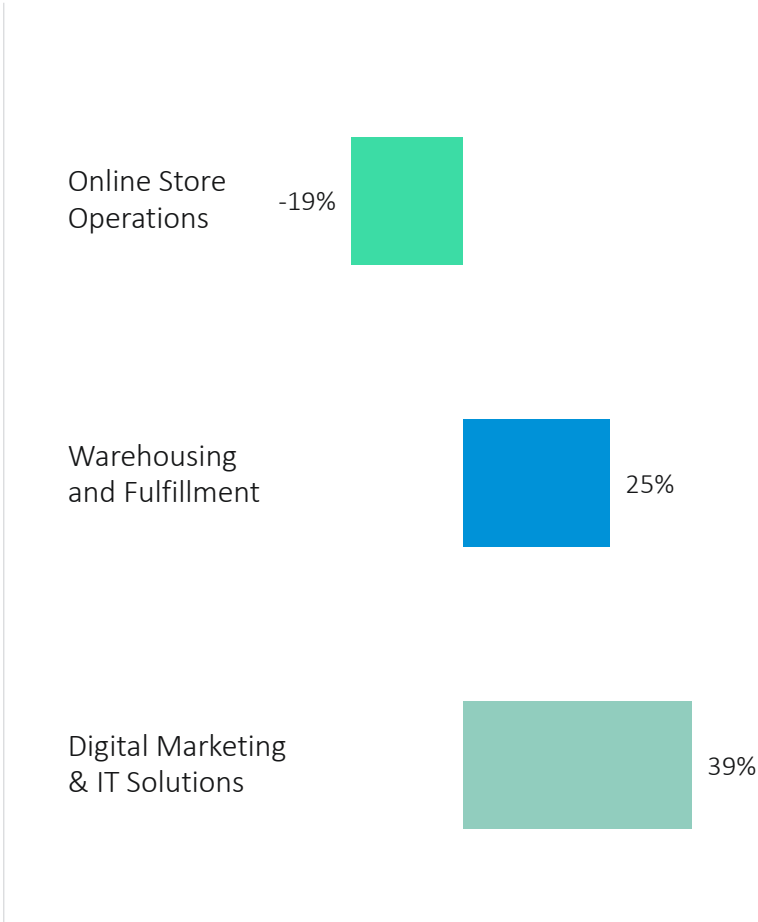
1Q22 Revenue Breakdown



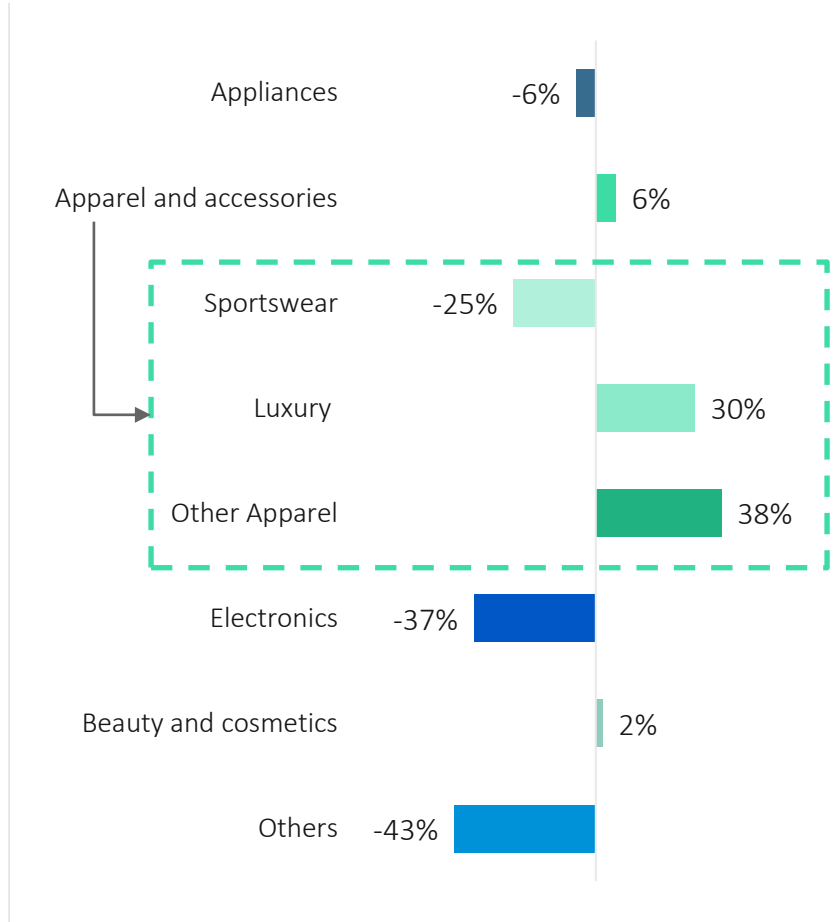
Revenue Breakdown by Service Segment



Revenue YoY Growth by Service Segment



Online Store Operation Revenue YoY Growth by Category

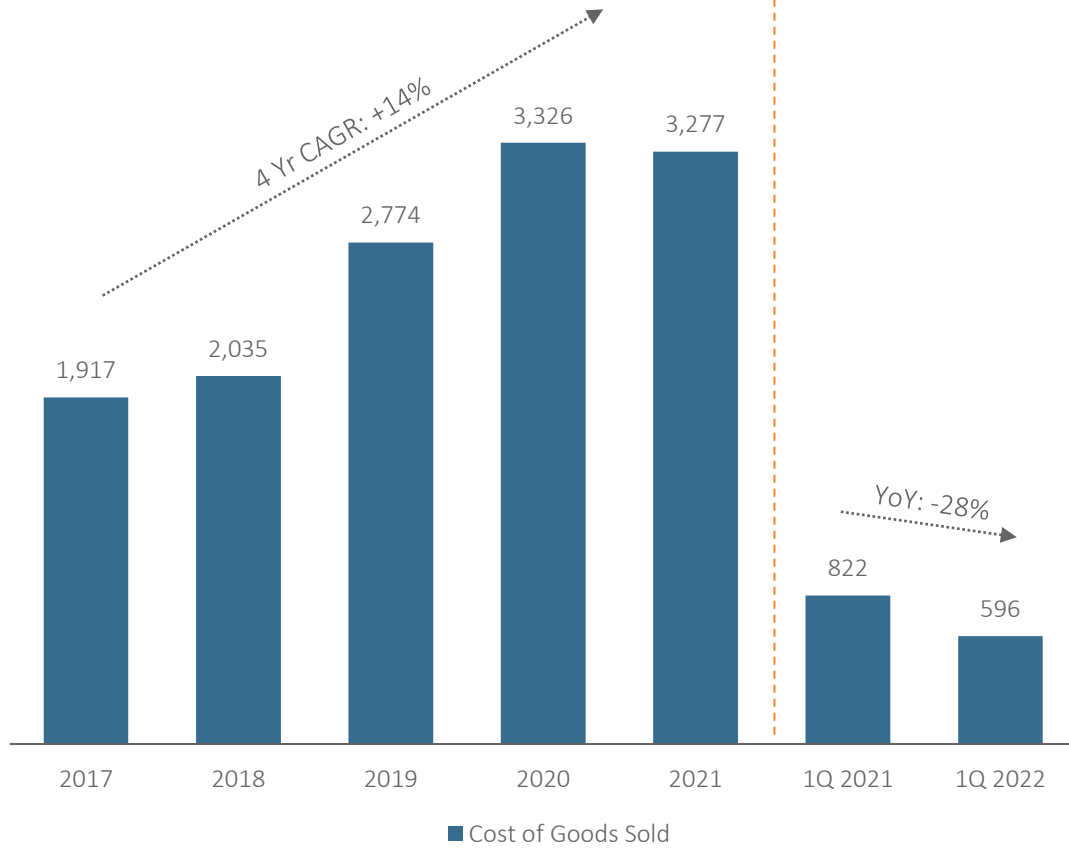


Improved Gross Margin



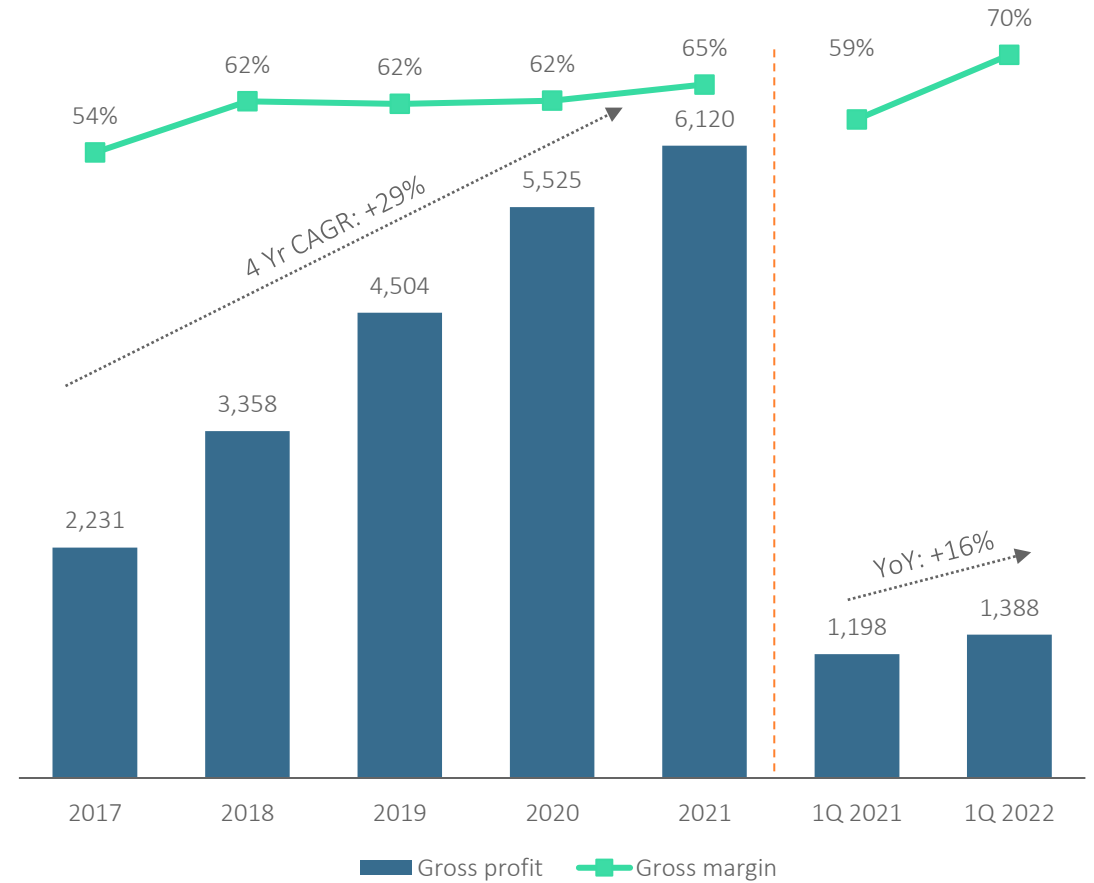
Cost of Goods Sold

RMB mn



Gross profit (1)

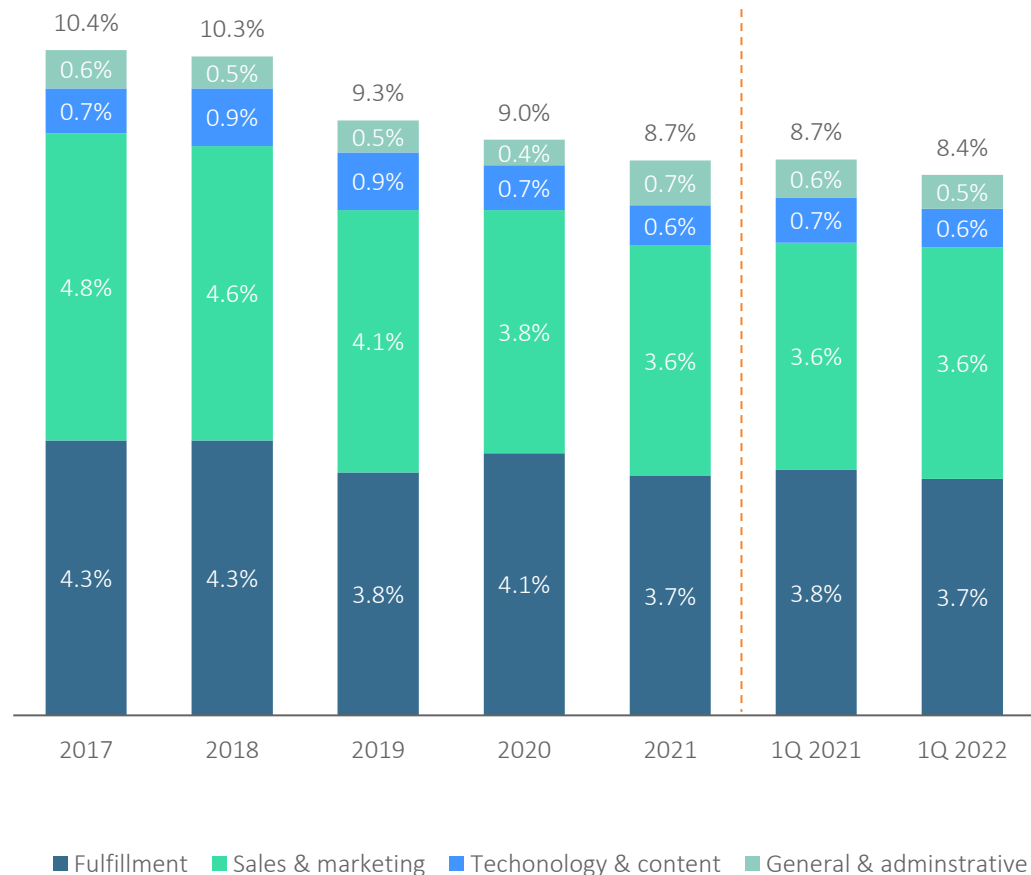
RMB mn



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

Optimizing Cost Structure and Driving Operational Efficiency

Operating expenses breakdown (as % of total GMV)



Operating Expense Breakdown ⁽¹⁾ RMB MM	Organic Business	Inorganic Business	Total
Fulfillment Expenses	451	178	629
YoY	(11.2)%	n.a	23.9%
Sales and Marketing Expenses	576	40	616
YoY	22.7%	n.a	30.9%
Technology and Content Expenses	101	4	105
YoY	9.0%	n.a	13.2%
General and Administrative Expenses	79	12	91
YoY	(0.4)%	n.a	13.8%
Total Operating Expenses	1,207	234	1,441
YoY	5.0%	n.a	25.2%

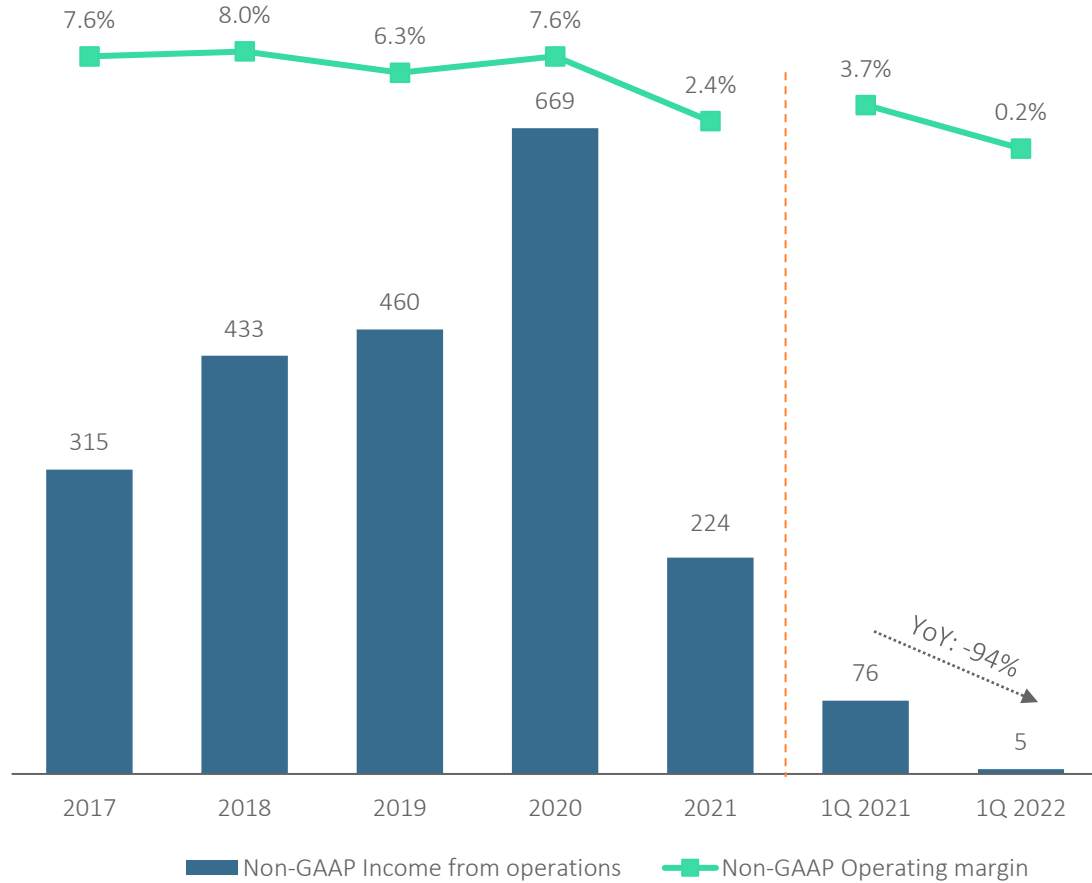
(1) The breakdown of the operating expenses by organic growth and M&A is based on the Company's management account

Profitability Trend



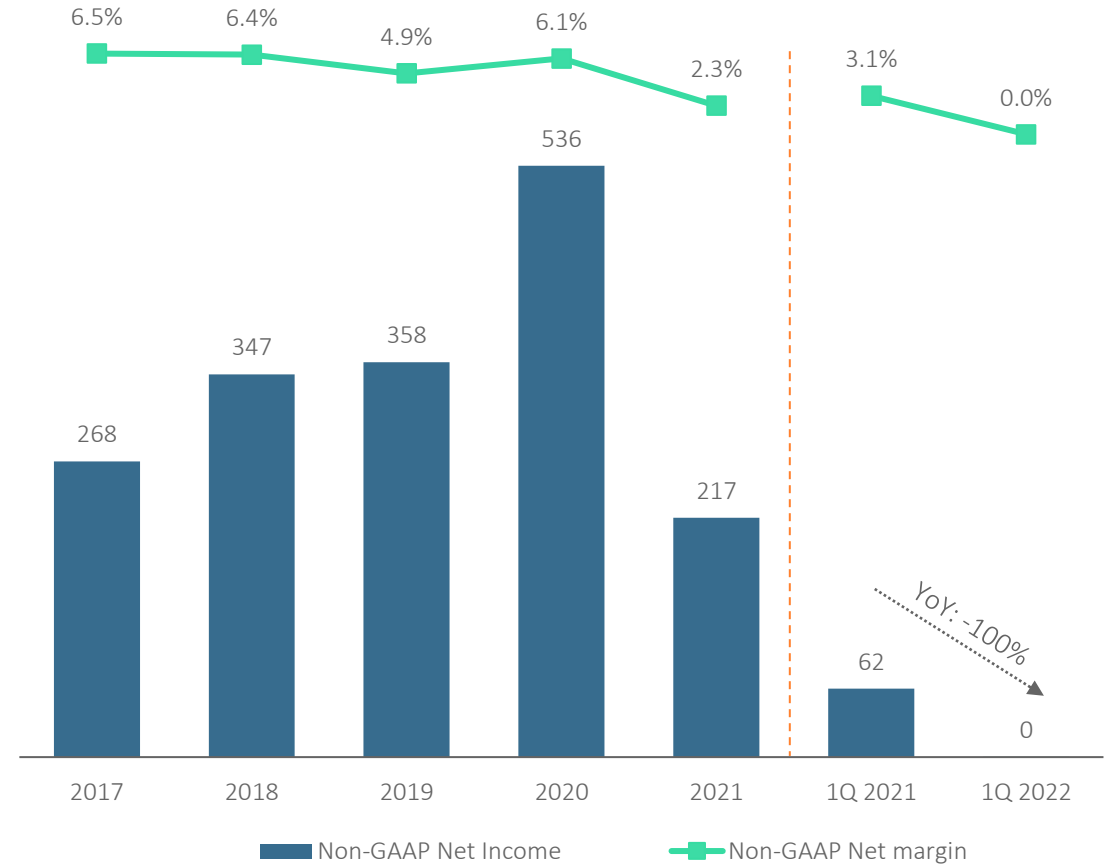
Non-GAAP income from operations (1)

RMB mn



Non-GAAP net income (2)

RMB mn



(1) Non-GAAP income (loss) from operations is a non-GAAP financial measure, which is defined as income (loss) from operations excluding share-based compensation expenses and amortization of intangible assets resulting from business acquisition. Non-GAAP operating margin is non-GAAP income (loss) from operations as a percentage of total net revenues

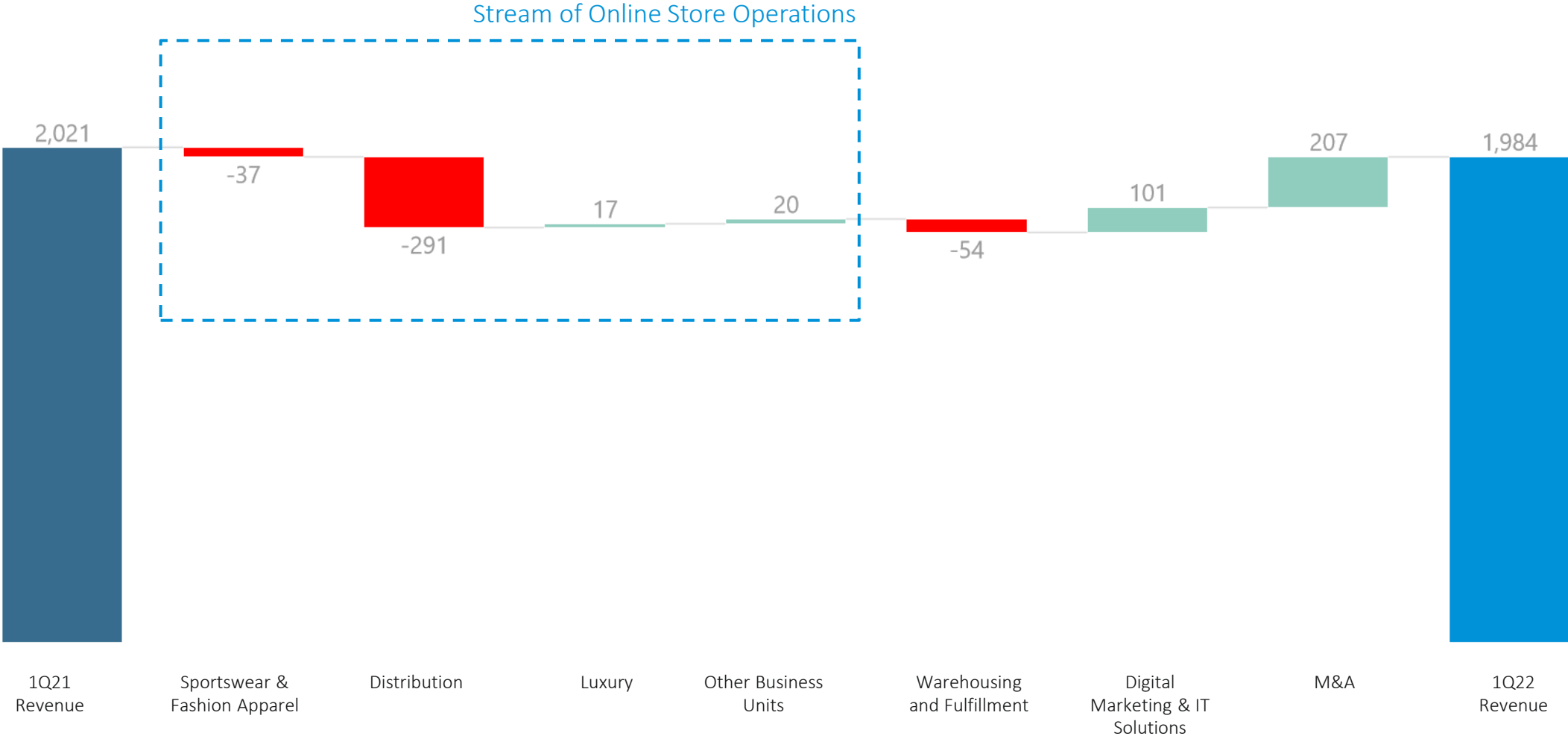
(2) Non-GAAP net income is net income (loss) excluding the impact of share-based compensation expenses, amortization of intangible assets resulting from business acquisition and unrealized investment loss. Non-GAAP net margin is non-GAAP net income (loss) as a percentage of total net revenues

Revenue Walk 1Q21 vs 1Q22



Revenue Bridge ⁽¹⁾

RMB Mn



(1) Except for the 2021 Q1 revenue and 2022 Q1 revenue, all the other financial information on this slide is based on the Company's management account

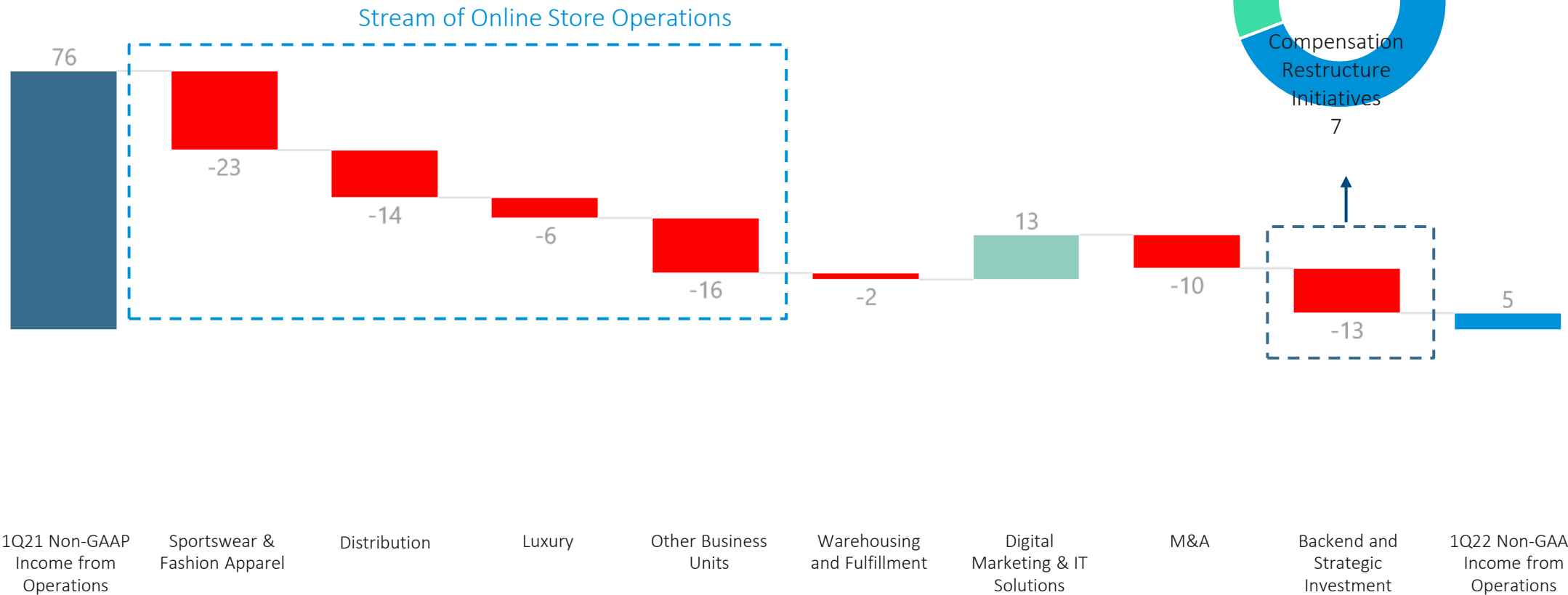
Profits Walk 1Q21 vs 1Q22



Non-GAAP Income from Operations Bridge ⁽¹⁾

RMB Mn

Backend & Strategic Investment Breakdown



(1) Except for the 2021 Q1 non-GAAP operating profit and 2022 Q1 non-GAAP operating profit, all the other financial information on this slide is based on the Company's management account

Key Initiatives

Operational Efficiency

Working Capital Efficiency

Overhead Cost Control

Methodologies

- ✓ Regional Service Center and Business Operation Center (RSC & BOC)
 - Multi-location strategy to improve service quality, minimize risk, and reduce operating costs
 - Integrated Business Operation Center to drive greater operational efficiency

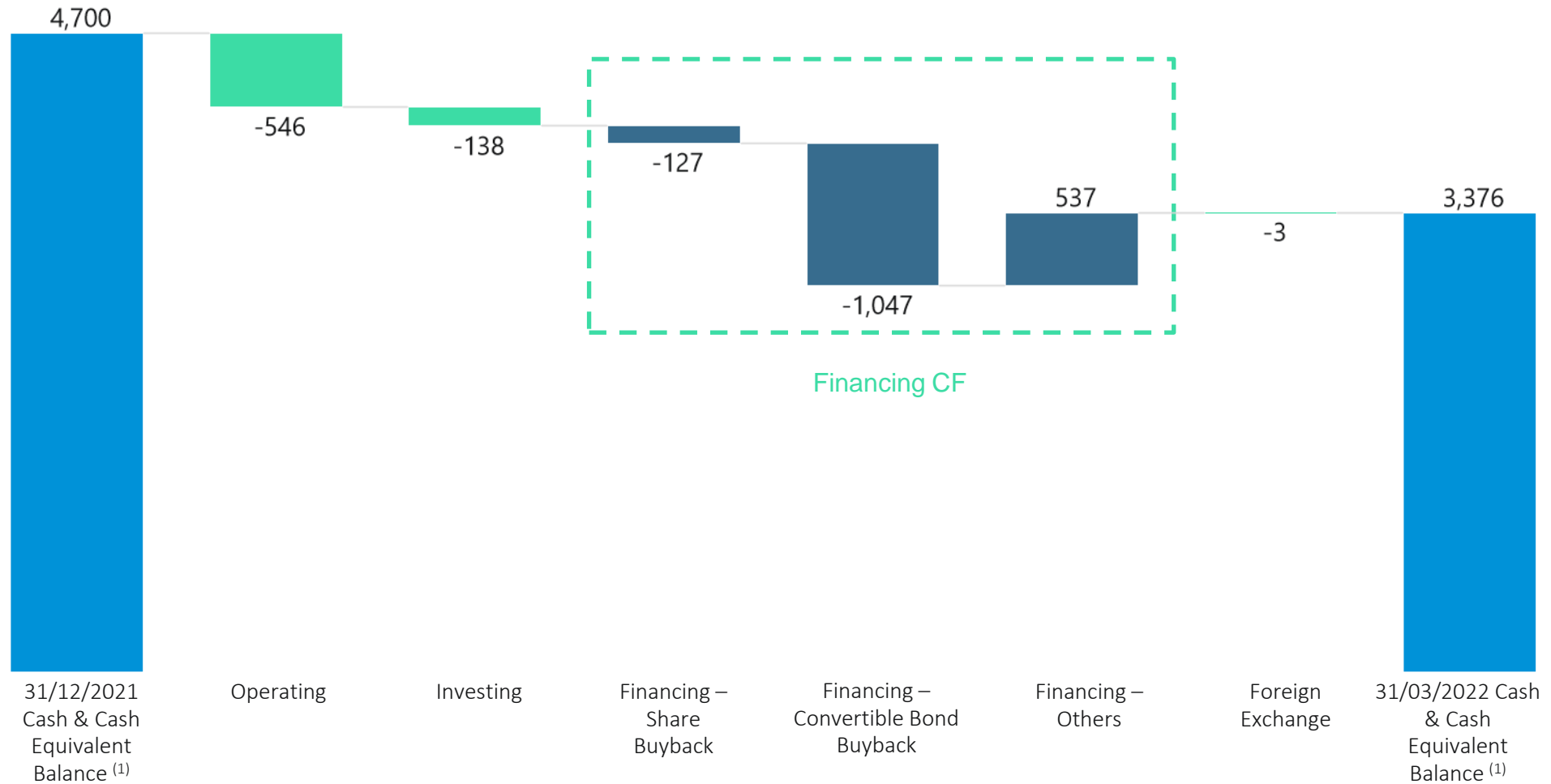
- ✓ Portfolio optimization & Working Capital Efficiency Enhancement
 - Evaluate and replace inefficient and low-margin businesses
 - Established a dedicated project team to focus on account receivables billing processes

- ✓ Optimize Headquarter Cost Base & Improve Backend Processes
 - Implement disciplined initiatives
 - IT enabled process improvement

Cash Flow Walk 4Q21 vs 1Q22



RMB Mn



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

Q&A

Appendix



Consolidated Statements of Income

Selected Consolidated Statements of Income

in RMB '000	For the year ended December 31,			For the three months ended March 31,	
	2019	2020	2021	2021	2022
Product sales	3,422,151	3,906,611	3,873,589	971,842	680,840
Services	3,856,041	4,944,952	5,522,667	1,048,654	1,303,318
Total net revenues	7,278,192	8,851,563	9,396,256	2,020,496	1,984,158
Operating expenses:					
Cost of products	(2,774,342)	(3,326,243)	(3,276,571)	(822,301)	(595,674)
Fulfilment	(1,678,191)	(2,259,176)	(2,661,126)	(507,997)	(629,385)
Sales and marketing	(1,815,642)	(2,130,667)	(2,549,842)	(470,642)	(615,905)
Technology and content	(392,951)	(409,870)	(448,410)	(92,983)	(105,281)
General and administrative	(215,660)	(224,045)	(525,802)	(79,625)	(90,574)
Other operating income (expense), net	(17,753)	57,115	72,516	5,963	11,491
Total operating expenses	(6,894,539)	(8,292,886)	(9,389,235)	(1,967,585)	(2,025,328)
Income from operations	383,653	558,677	7,021	52,911	(41,170)
Other income (expenses):					
Interest income	42,614	41,373	62,943	17,721	8,923
Interest expense	(61,316)	(66,124)	(56,847)	(13,222)	(19,740)
Unrealized investment loss	-	-	(209,956)	(37,351)	(81,988)
Impairment loss of investments	(9,021)	(10,800)	(3,541)	-	-
Gain on disposal of investment	-	-	150	-	-
Gain on repurchase of 1.625% convertible senior notes due 2024	-	-	-	-	7,907
Exchange gain (loss)	(7,663)	25,725	46,226	(6,755)	4,015
Income (loss) before income tax and share of income (loss) in equity method investment	348,267	548,851	(154,004)	13,304	(122,053)
Income tax expense	(71,144)	(127,787)	(55,259)	(11,622)	(2,962)
Share of income (loss) in equity method investment	4,768	5,470	3,300	450	(539)
Net Income (loss)	281,891	426,534	(205,963)	2,132	(125,554)

Consolidated Balance Sheet

Selected Consolidated Balance Sheet Data

in RMB '000	For the year ended December 31,			For the three months ended March 31,
	2019	2020	2021	2022
ASSETS				
Cash and cash equivalents	1,144,451	3,579,665	4,606,541	3,365,645
Restricted cash	382,359	151,354	93,219	10,058
Accounts receivable, net ⁽¹⁾	1,800,896	2,188,977	2,260,918	1,960,352
Inventories, net ⁽¹⁾	896,818	1,026,038	1,073,567	1,045,617
TOTAL ASSETS ⁽¹⁾	7,096,600	10,474,691	12,318,980	10,405,154
LIABILITIES AND SHAREHOLDERS' EQUITY				
Accounts payable	877,093	421,562	494,079	297,039
Short-term loan	428,490	—	2,288,465	1,685,301
Long-term loan	1,859,896	1,762,847	—	—
TOTAL LIABILITIES ⁽¹⁾	4,496,829	4,332,088	5,837,631	4,156,650
Baozun Inc. shareholders' equity	2,568,731	6,111,021	4,896,359	4,673,129
TOTAL LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY ⁽¹⁾	7,096,600	10,474,691	12,318,980	10,405,154

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

Reconciliations of GAAP and non-GAAP Financial Measures

In RMB '000	For the year ended December 31,			For the three months ended March 31,	
	2019	2020	2021	2021	2022
Income from operations	383,653	558,677	7,021	52,911	(41,170)
Add: Share-based compensation expenses	75,183	108,440	196,547	22,452	35,040
Amortization of intangible assets resulting from business acquisition	1,564	1,564	20,536	391	10,790
Non-GAAP income from operations	460,400	668,681	224,104	75,754	4,660
Net income (loss)	281,891	426,534	(205,963)	2,132	(125,554)
Add: Share-based compensation expenses	75,183	108,440	196,547	22,452	35,040
Amortization of intangible assets resulting from business acquisition	1,564	1,564	20,536	391	10,790
Unrealized investment loss	—	—	209,956	37,351	81,988
Less: Tax effect of amortization of intangible assets resulting from business acquisition	(392)	(392)	(3,686)	(98)	(2,201)
Non-GAAP net income	358,246	536,146	217,390	62,228	63
Net income (loss) attributable to ordinary shareholders of Baozun Inc.	281,297	425,992	(219,830)	1,255	(122,404)
Add: Share-based compensation expenses	75,183	108,440	196,547	22,452	35,040
Amortization of intangible assets resulting from business acquisition	796	796	15,574	199	8,200
Unrealized investment loss	—	—	209,956	37,351	81,988
Less: Tax effect of amortization of intangible assets resulting from business acquisition	(200)	(200)	(2,645)	(50)	(1,662)
Non-GAAP net income attributable to ordinary shareholders of Baozun Inc.	357,076	535,028	199,602	61,207	1,162

Thank You!

