

A photograph of the Aurora Borealis (Northern Lights) over a snowy mountain range at night. The aurora is a vibrant green and blue light display in the dark, starry sky. The mountains are covered in snow and are silhouetted against the light. The overall scene is serene and majestic.

Baozun 3Q20 Earnings Presentation

November 23, 2020



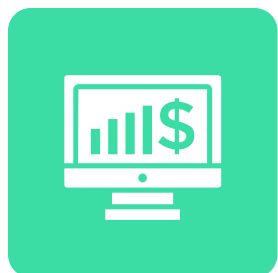
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The Company uses certain financial measures that are not recognized under generally accepted accounting principles in the United States (“GAAP”) in evaluating its business. These non-GAAP financial measures have limitations as analytical tools. One 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 and amortization of intangible assets resulting from business acquisition 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. See the Appendix for reconciliation between our non-GAAP income from operations, non-GAAP net income attributable to ordinary shareholders of Baozun Inc. to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP, which is income from operations or net income attributable to ordinary shareholders of Baozun Inc.

3Q 2020 Financial Highlights



GMV ⁽¹⁾

RMB 10.8 bn
+19% YoY



Revenue

RMB 1.8 bn
+22% YoY



Brand Partners ⁽²⁾

260
Net add of 10 QoQ + 37 YoY



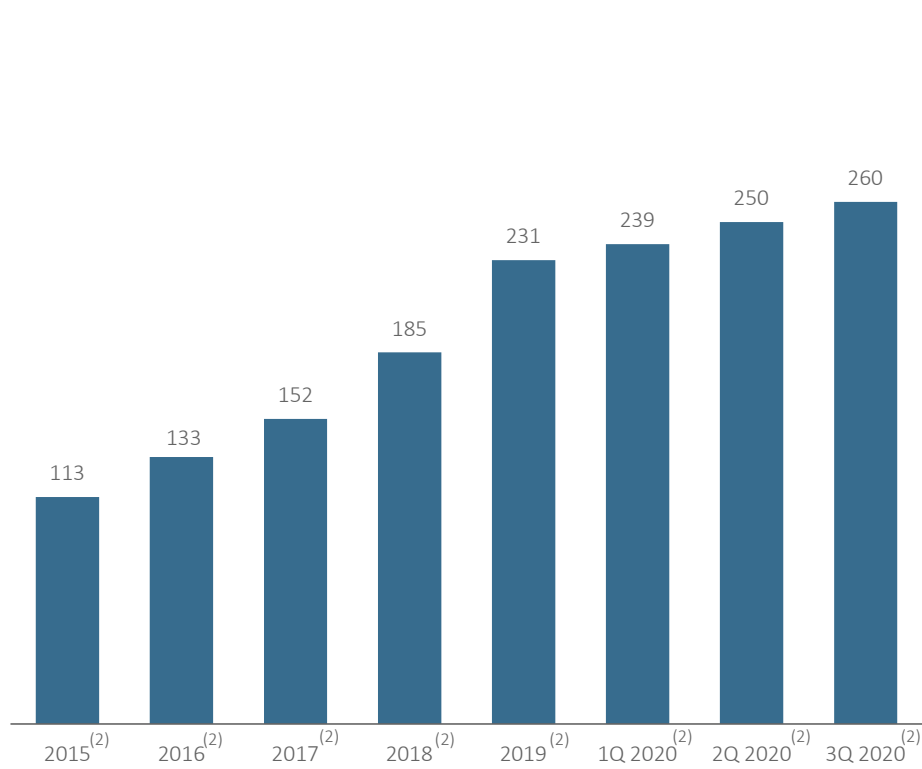
Non-GAAP Income from Operations ⁽³⁾

RMB 111.7 mn
+47% YoY

(1) Gross merchandise volume for the quarter of 2020 Q3, 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) As of September 30, 2020
(3) 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.

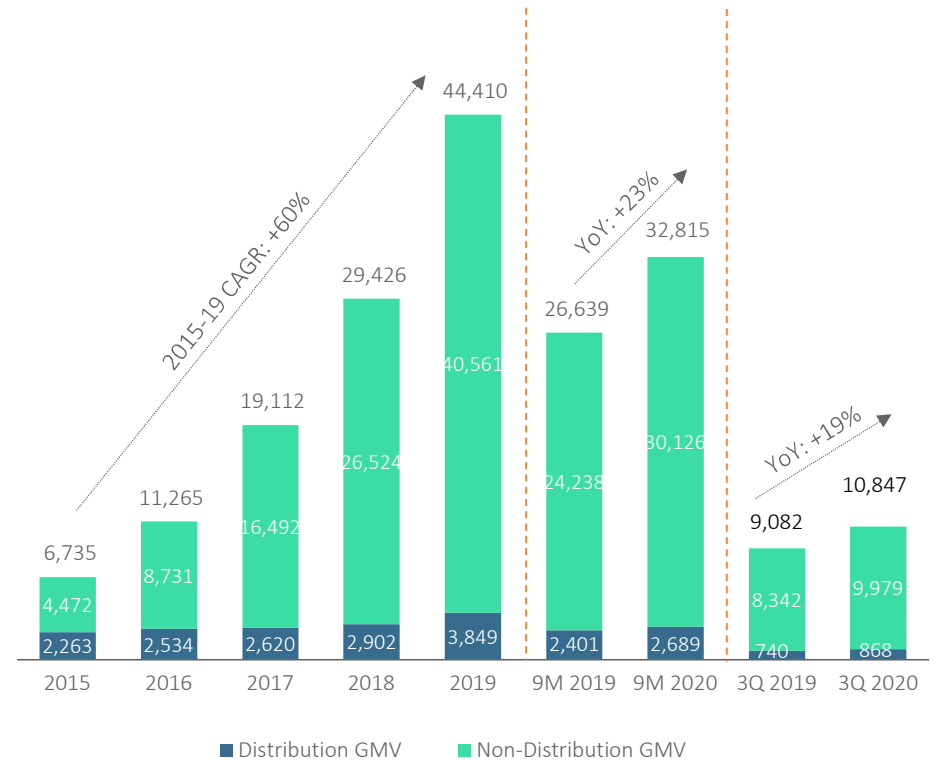
Solid Growth Driven by Both New and Existing Brand Partners

Number of brand partners



Total GMV ⁽¹⁾

RMB mn

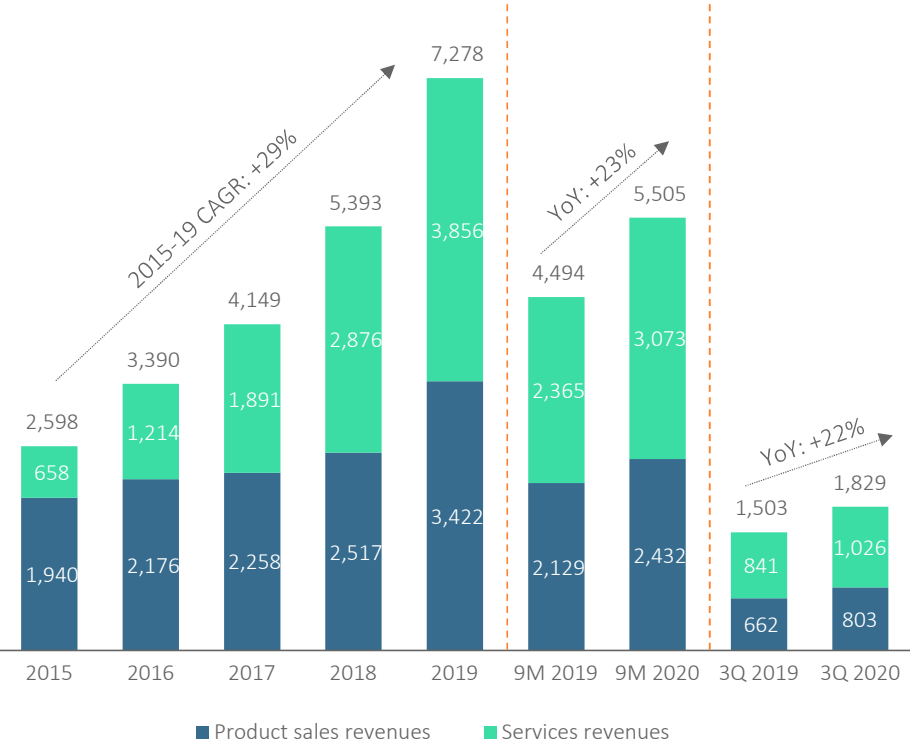


(1) Gross merchandise volume includes value added tax and excludes (i) shipping charges, (ii) surcharges and other taxes, (iii) value of the goods that are returned and (iv) deposits for purchases that have not been settled
 (2) The numbers of brand partners represents are as of the end of each year/period indicated

Robust Revenue Growth with Balanced Business Model

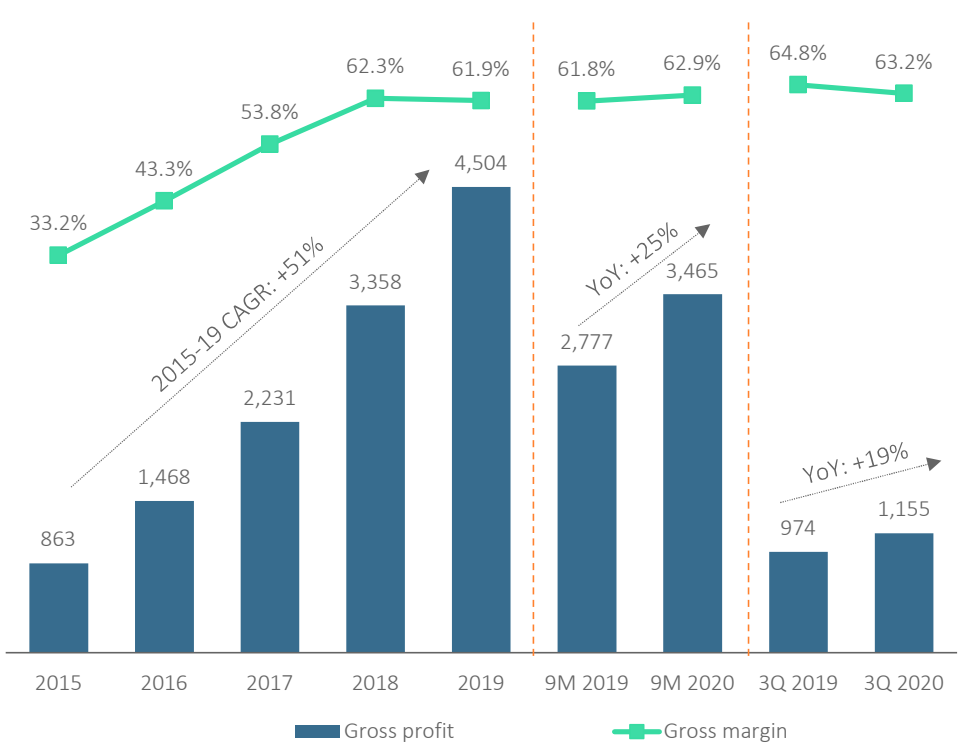
Total net revenue

RMB mn



Gross profit (1)

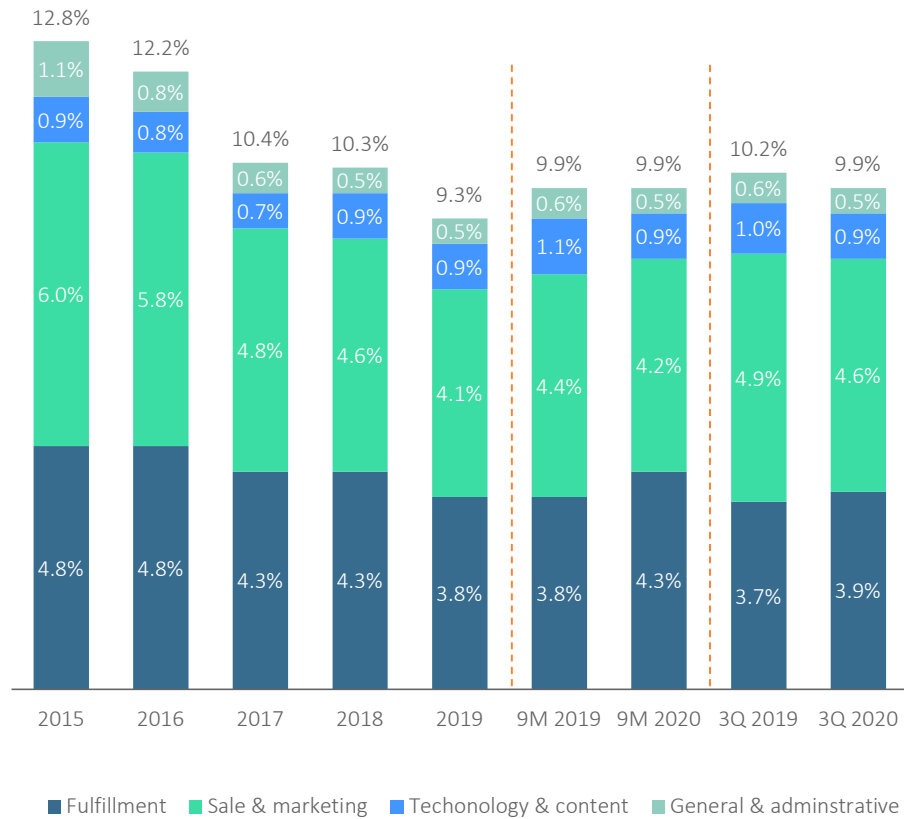
RMB mn



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

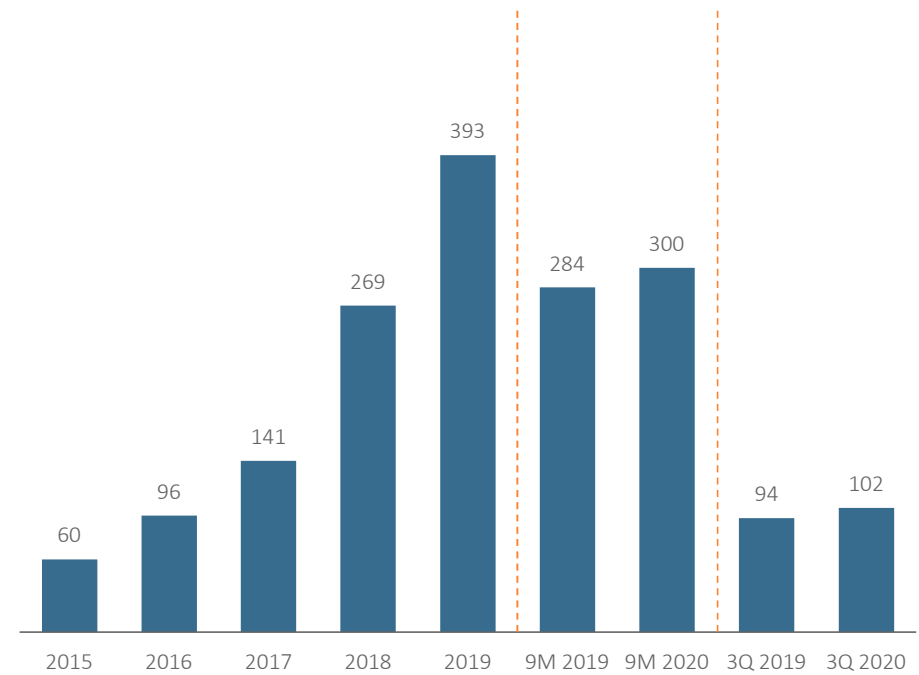
Optimized Cost Structure and Investments in Technology Driving Long-Term Growth

Operating expenses breakdown (as % of total GMV)



Technology and content expenses

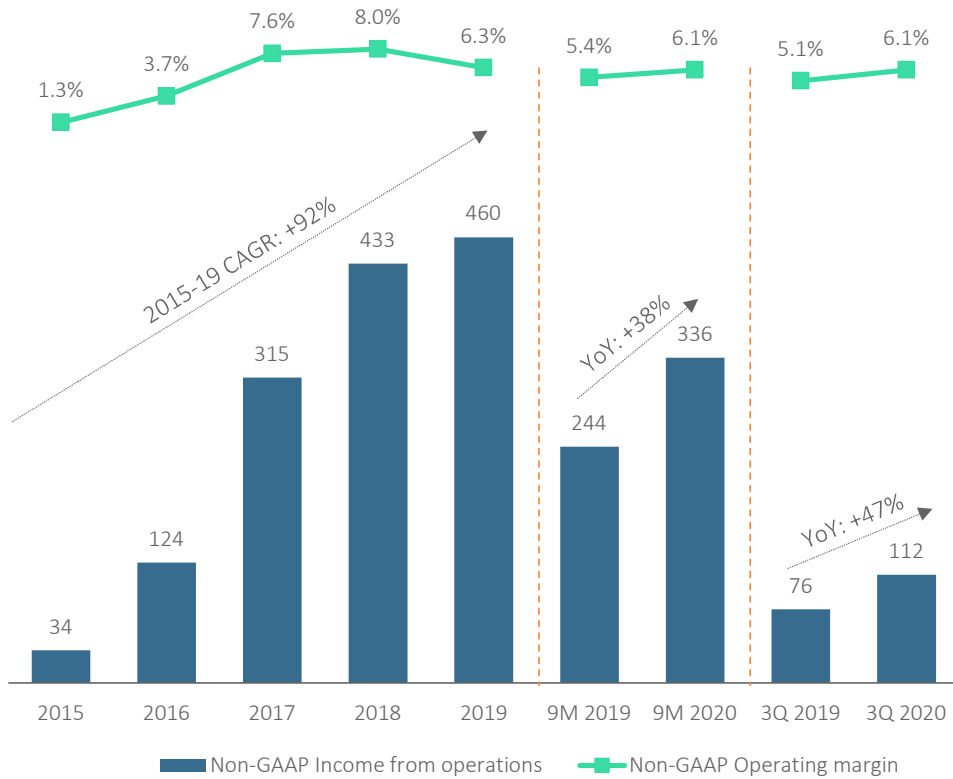
RMB mn



Healthy and Sustainable Profitability

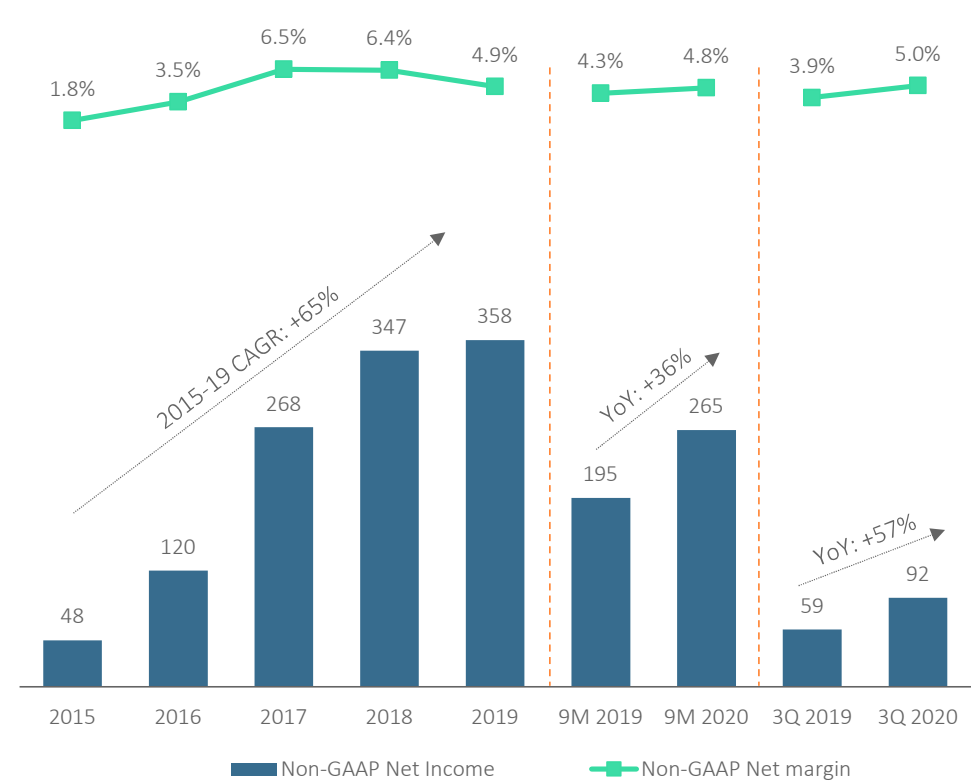
Non-GAAP income from operations ⁽¹⁾

RMB mn



Non-GAAP net income ⁽²⁾

RMB mn



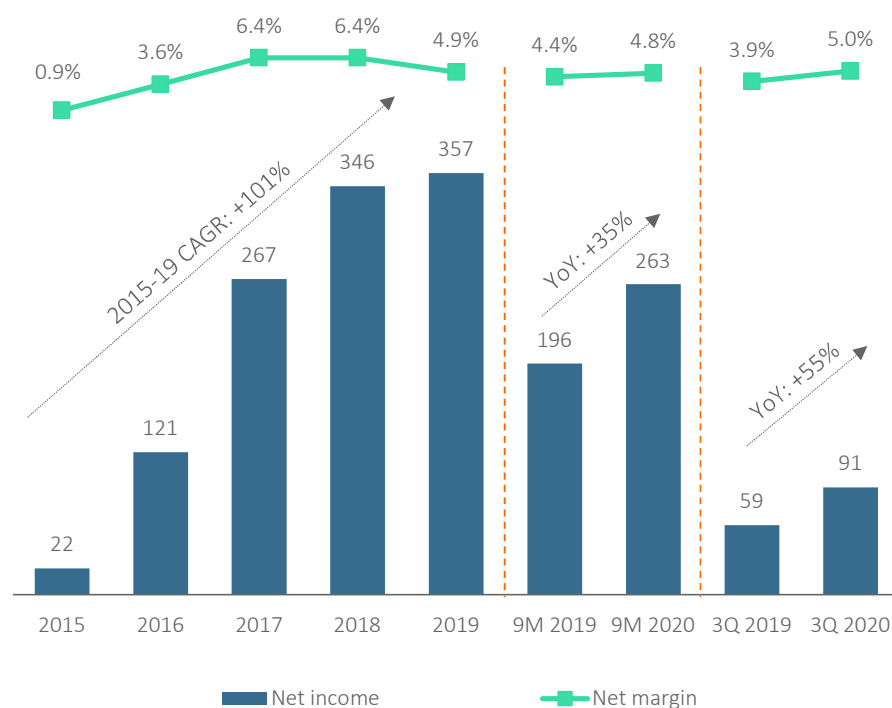
(1) Non-GAAP income from operations is a non-GAAP financial measure, which is defined as income from operations excluding share-based compensation expenses and amortization of intangible assets resulting from business acquisition. Non-GAAP operating margin is non-GAAP income from operations as a percentage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

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

Healthy and Sustainable Profitability (Cont'd)

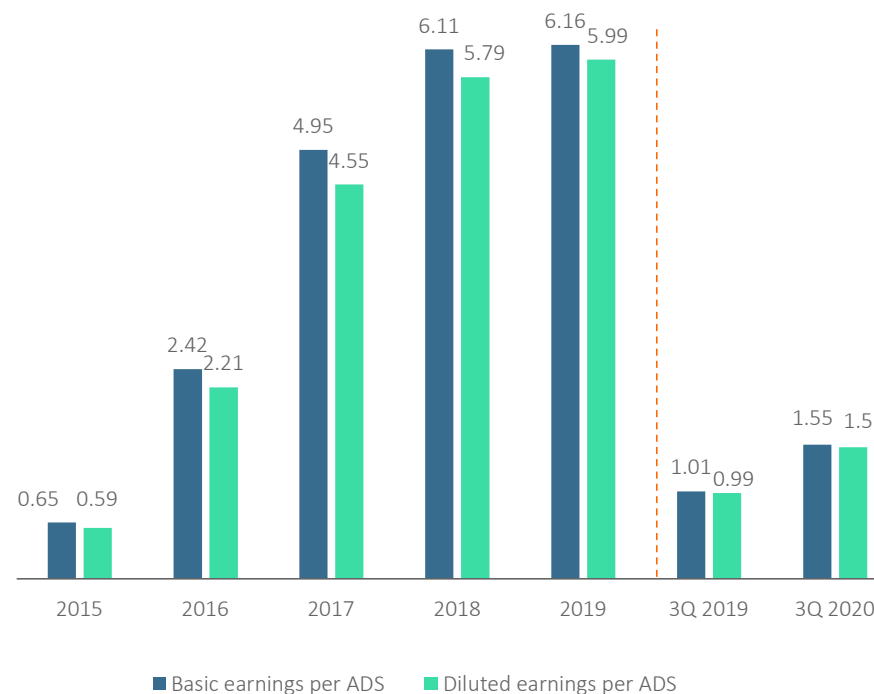
Non-GAAP net income attributable to Ordinary Shareholders of Baozun ⁽¹⁾

RMB mn



Basic and Diluted non-GAAP net income attributable to Ordinary Shareholders of Baozun Inc. per ADS ⁽²⁾

RMB



- (1) Non-GAAP net income attributable to ordinary shareholders of Baozun Inc. is net income attributable to ordinary shareholders of Baozun Inc. excluding the impact of share-based compensation expenses and amortization of intangible assets resulting from business acquisition. Non-GAAP net margin is non-GAAP net income attributable to ordinary shareholders of Baozun Inc. as a percentage of total net revenues
- (2) Basic and diluted non-GAAP net income attributable to ordinary shareholders of Baozun Inc. per ADS are non-GAAP financial measures, which are defined as non-GAAP net income attributable to ordinary shareholders of Baozun Inc. divided by weighted average number of shares used in calculating basic and diluted net income per ordinary share multiplied by three, respectively



Appendix



Appendix – Consolidated Statements of Income

in RMB '000	For the year ended December 31,			For the three months ended September 30,	
	2017	2018	2019	2019	2020
Product sales	2,257,632	2,516,862	3,422,151	662,334	803,434
Services	1,891,176	2,876,175	3,856,041	840,760	1,025,725
Total net revenues	4,148,808	5,393,037	7,278,192	1,503,094	1,829,159
Operating expenses:					
Cost of products	(1,917,467)	(2,034,852)	(2,774,342)	(528,975)	(673,695)
Fulfilment	(818,173)	(1,262,302)	(1,678,191)	(333,350)	(419,846)
Sales and marketing	(910,843)	(1,338,970)	(1,815,642)	(443,097)	(501,145)
Technology and content	(140,689)	(268,973)	(392,951)	(94,101)	(101,582)
General and administrative	(116,554)	(154,845)	(215,660)	(51,732)	(51,051)
Other operating income (expense), net	11,250	22,678	(17,753)	4,243	2,767
Total operating expenses	(3,892,476)	(5,037,264)	(6,894,539)	(1,447,012)	(1,744,552)
Income from operations	256,332	355,773	383,653	56,082	84,607
Other income (expenses):					
Interest income	13,350	8,017	42,614	14,444	8,024
Interest expense	(4,252)	(13,058)	(61,316)	(16,886)	(16,008)
Gain on disposal of investment	5,464	—	—	—	—
Impairment loss of investments	(6,227)	(9,021)	(9,021)	—	(800)
Exchange gain (loss)	(21)	(5,991)	(7,663)	(1,257)	4,770
Income before income tax and share of income (loss) in equity method investment	264,646	335,720	348,267	52,383	80,593
Income tax expense	(54,251)	(64,953)	(71,144)	(13,561)	(19,319)
Share of income (loss) in equity method investment	(1,265)	(996)	4,768	146	3,696
Net Income	209,130	269,771	281,891	38,968	64,970

Appendix – Selected Consolidated Balance Sheet

Selected Consolidated Balance Sheet Data

in RMB '000	As of December 31,			As of September 30,
	2017	2018	2019	2020
ASSETS				
Cash and cash equivalents	244,809	457,340	1,144,451	4,088,645
Restricted cash	48,848	125,515	382,359	184,206
Accounts receivable, net ⁽¹⁾	1,085,669	1,547,631	1,800,896	1,614,439
Inventories, net ⁽¹⁾	382,028	650,348	896,818	1,040,637
TOTAL ASSETS ⁽¹⁾	2,978,969	4,015,824	7,096,600	9,736,468
LIABILITIES AND SHAREHOLDERS' EQUITY				
Accounts payable	583,532	886,340	877,093	283,885
Short-term loan	172,000	436,200	428,490	134,000
TOTAL LIABILITIES ⁽¹⁾	1,152,532	1,820,808	4,496,829	4,041,806
Baozun Inc. shareholders' equity	1,809,023	2,177,543	2,568,731	5,662,568
TOTAL LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY ⁽¹⁾	2,978,969	4,015,824	7,096,600	9,736,468

(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

Appendix – Reconciliations of GAAP and non-GAAP Financial Measures

In RMB '000	For the year ended December 31,					For the three months ended September 30,	
	2015	2016	2017	2018	2019	2019	2020
Income from operations	8,451	90,066	256,332	355,773	383,653	56,082	84,607
Add: Share-based compensation expenses	25,195	34,185	58,231	75,862	75,183	19,461	26,686
Amortization of intangible assets resulting from business acquisition	—	—	782	1,564	1,564	391	391
Non-GAAP income from operations	33,646	124,251	315,345	433,199	460,400	75,934	111,684
Net income	22,621	85,424	209,130	269,771	281,891	38,968	64,970
Add: Share-based compensation expenses	25,195	34,185	58,231	75,862	75,183	19,461	26,686
Amortization of intangible assets resulting from business acquisition	—	—	782	1,564	1,564	391	391
Less: Tax effect of amortization of intangible assets resulting from business acquisition	—	—	(196)	(392)	(392)	(98)	(98)
Non-GAAP net income	47,816	119,609	267,947	346,805	358,246	58,722	91,949
Net income (loss) attributable to ordinary shareholders of Baozun Inc.	(2,711)	86,633	208,866	269,712	281,297	39,352	64,635
Add: Share-based compensation expenses	25,195	34,185	58,231	75,862	75,183	19,461	26,686
Amortization of intangible assets resulting from business acquisition	—	—	398	796	796	199	199
Less: Tax effect of amortization of intangible assets resulting from business acquisition	—	—	(100)	(200)	(200)	(50)	(50)
Non-GAAP net income attributable to ordinary shareholders of Baozun Inc.	22,484	120,818	267,395	346,170	357,076	58,962	91,470



Thank You!

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