

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 of the aurora.

Baozun 1Q 2020 Results

June 2, 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.

Turning COVID-19 Pandemic into Growth Opportunity



Optimize category mix and attract new brand partners

- **Balanced category mix** to mitigate risks of changing consumer appetites and **improve blended take rate**
- Add a net total of **eight** new brand partners



Generate high-quality leads and demand for brand partners

- **Expand consumer touchpoints** with live streaming and short video social media etc.
- Adapt to the “stay-at-home” economy and organize **digital marketing campaign** like “Cherry Blossom Festival”

Accelerate online retail
Transitioning under COVID-19

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Proven **innovation** and **digitalization** capability well positioned Baozun for a post-pandemic boom



Maintain LSG operations and ensure services continuity

- Offer **uninterrupted services and fulfillment capacity** to ensure continuity and sustainability
- Further integrate into brand partners’ supply chains as an **O2O integrated partner**



Develop technology-driven business contingency plans

- Develop **technology-driven** systematic business contingency plans and formulate **innovative and tactical solutions**

2020 1Q Financial Highlights



GMV ⁽¹⁾

RMB 9.2 bn
+17.6% YoY



Revenue

RMB 1.5 bn
+18.4% YoY



Brand Partners ⁽²⁾

239
Net add of 8 QoQ



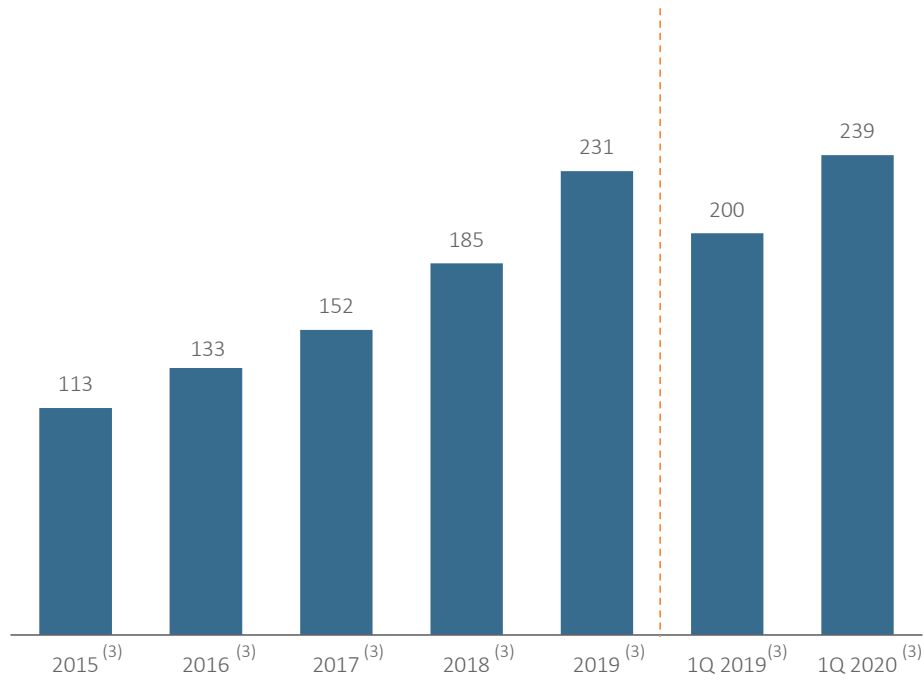
Non-GAAP Income from Operations ⁽³⁾

RMB 36.8 mn
Margin 2.4 %

- (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) As of March 31, 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.

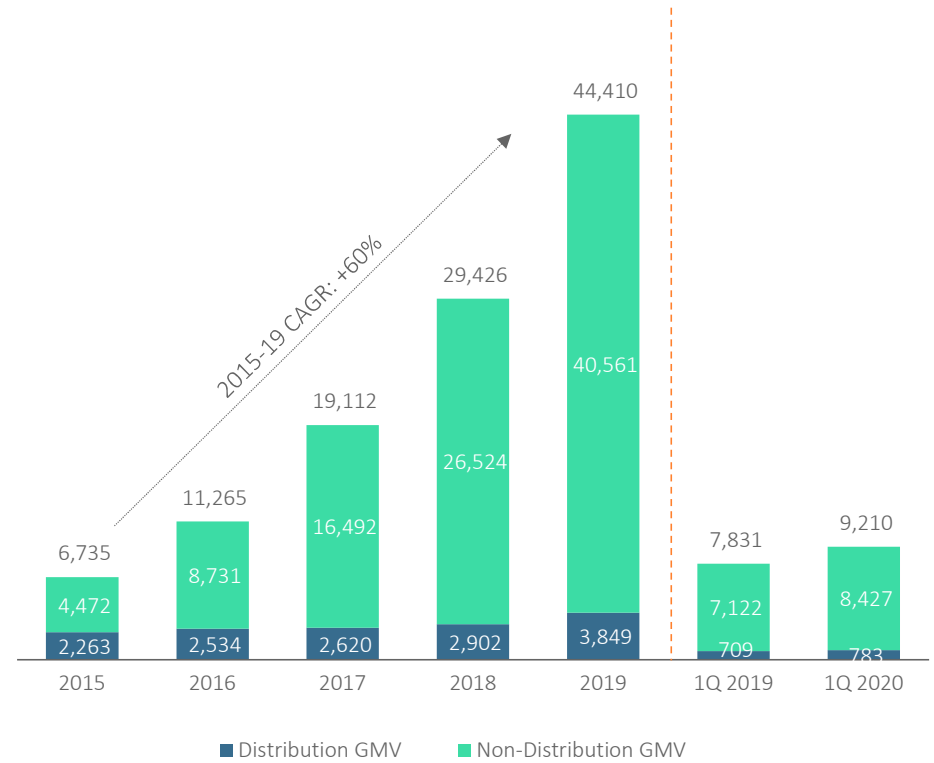
Turbo-Charged GMV Growth Driven by Both New and Existing Brand Partners

239 Brand partners ⁽¹⁾



Total GMV ⁽²⁾

RMB mn



(1) As of March 31, 2020

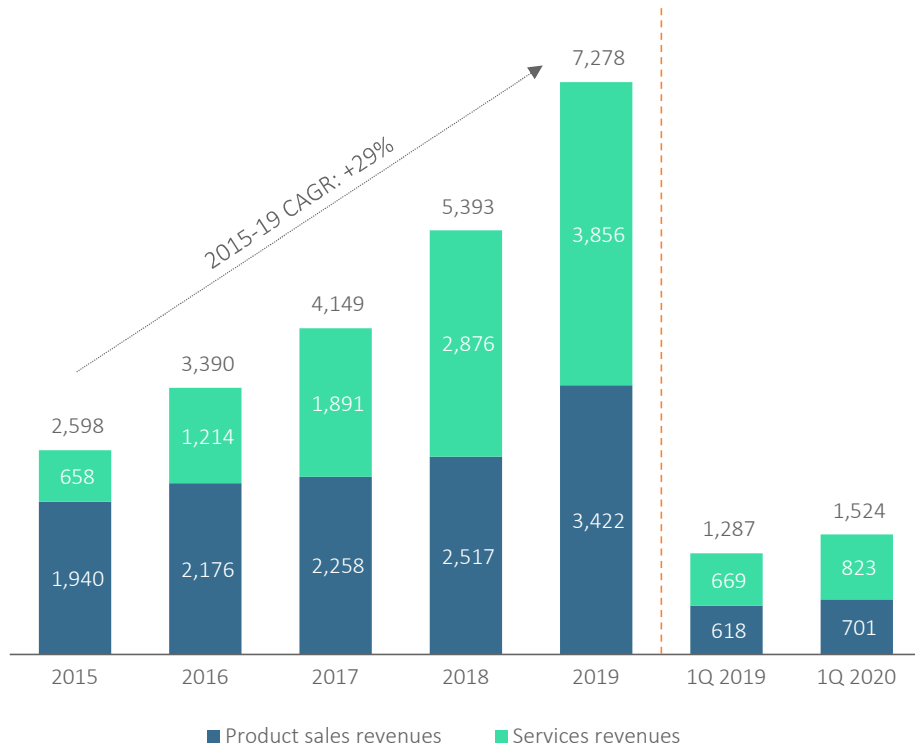
(2) Gross merchandise volume includes value added tax and excludes (i) shipping charges, (ii) surcharges and other taxes, (iii) value of the goods that are returned and (iv) deposits for purchases that have not been settled

(3) The numbers of brand partners represents are as of the end of each year/period indicated

Robust Revenue Growth with Balanced Business Model

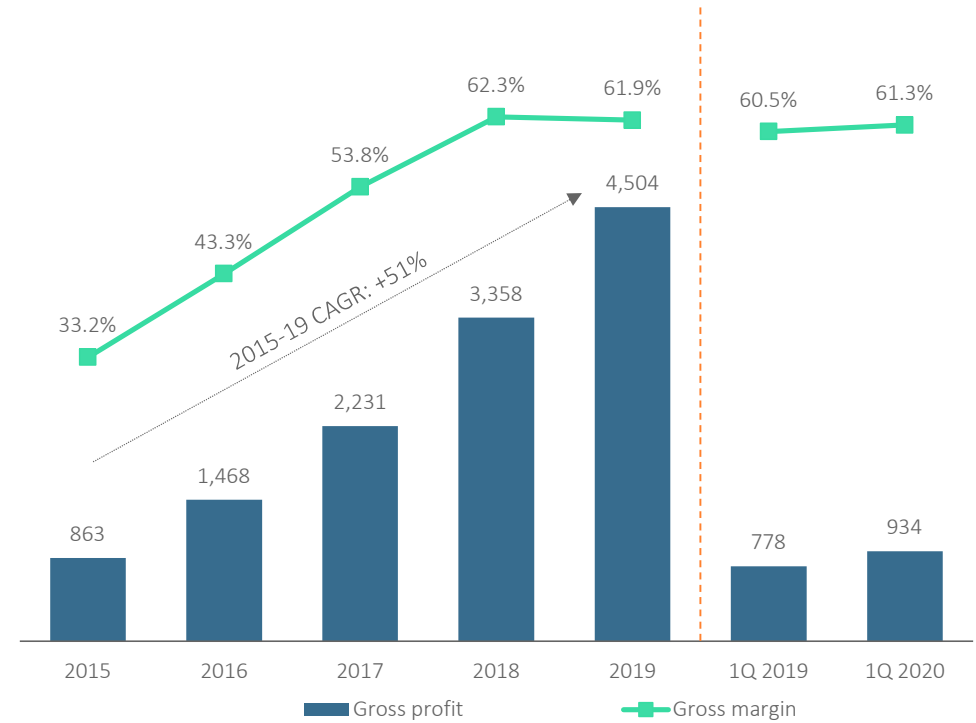
Total net revenue

RMB mn



Gross profit ⁽¹⁾

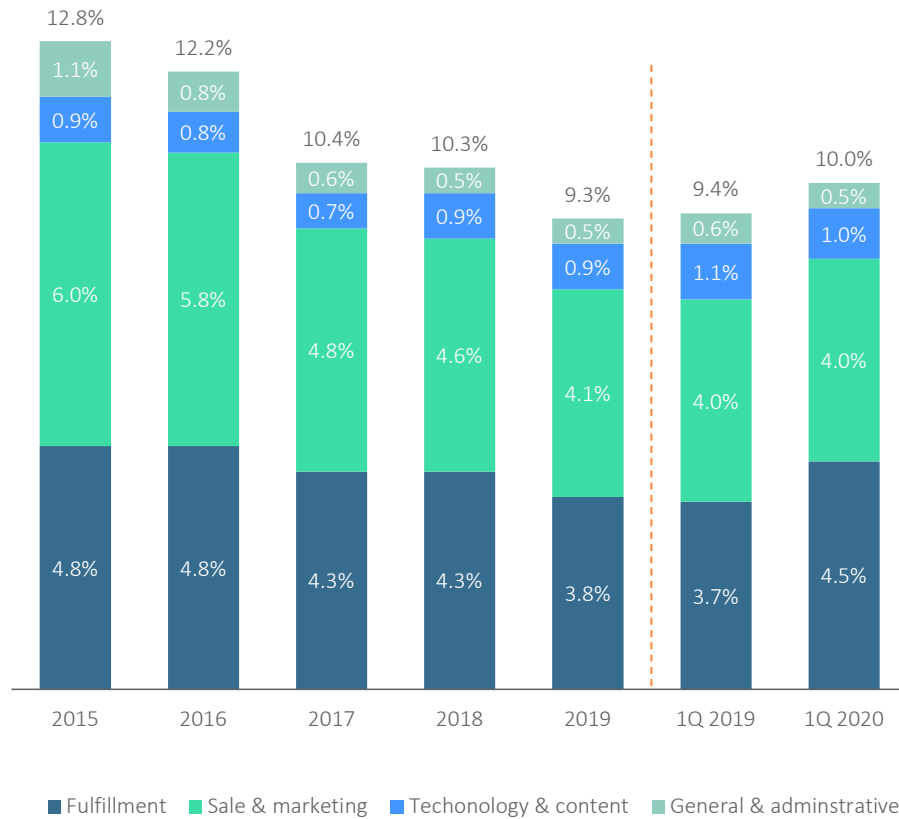
RMB mn



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

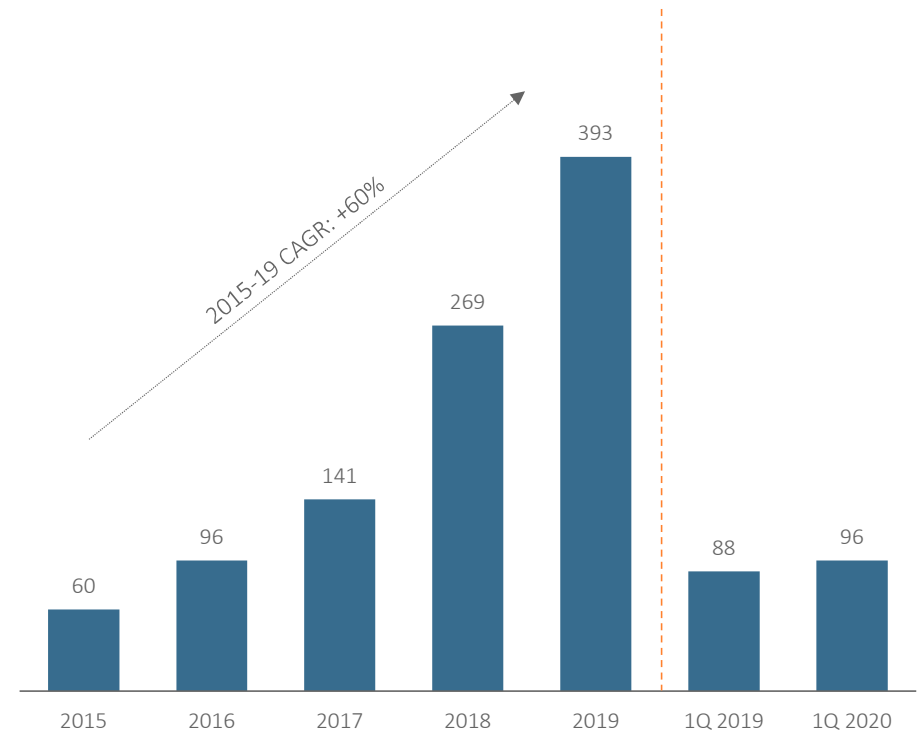
Optimized Cost Structure and Investment in Technology Aiming for Long-Term Growth

Operating expenses breakdown (as % of total GMV)



Technology and content expenses

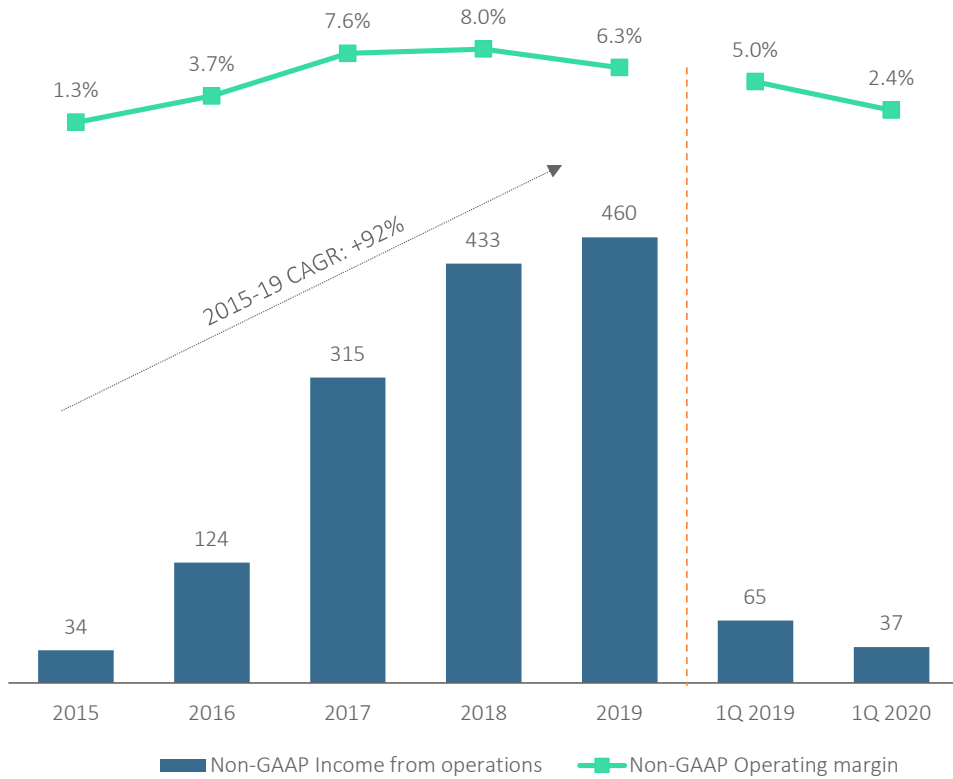
RMB mn



Healthy and Sustainable Profitability

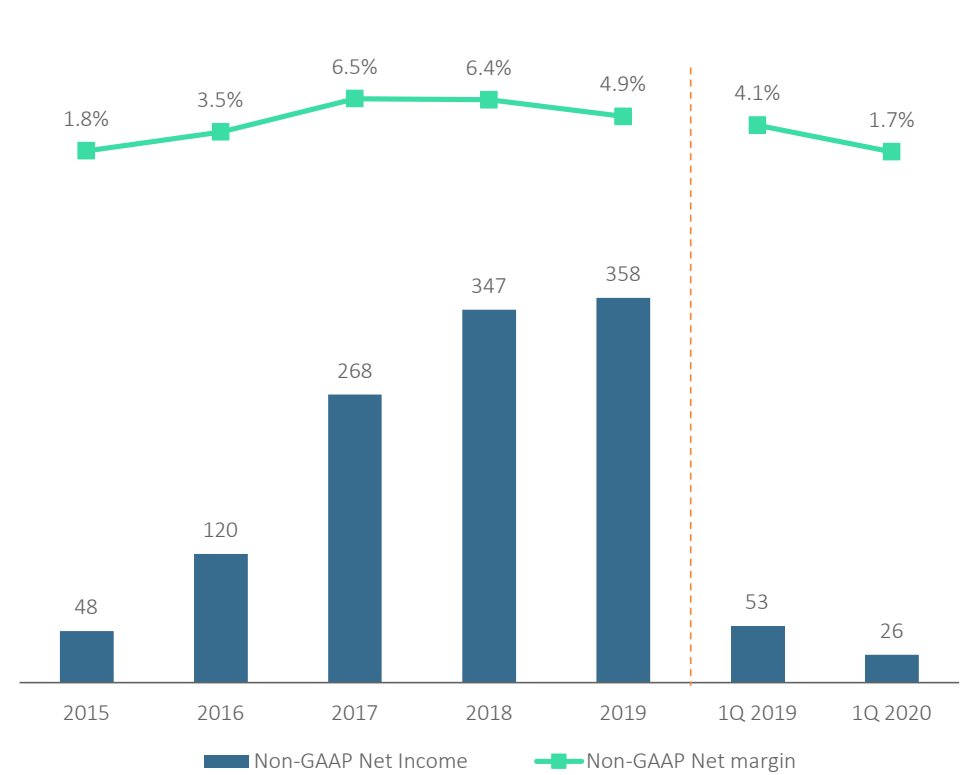
Non-GAAP income from operations (1)

RMB mn



Non-GAAP net income (2)

RMB mn



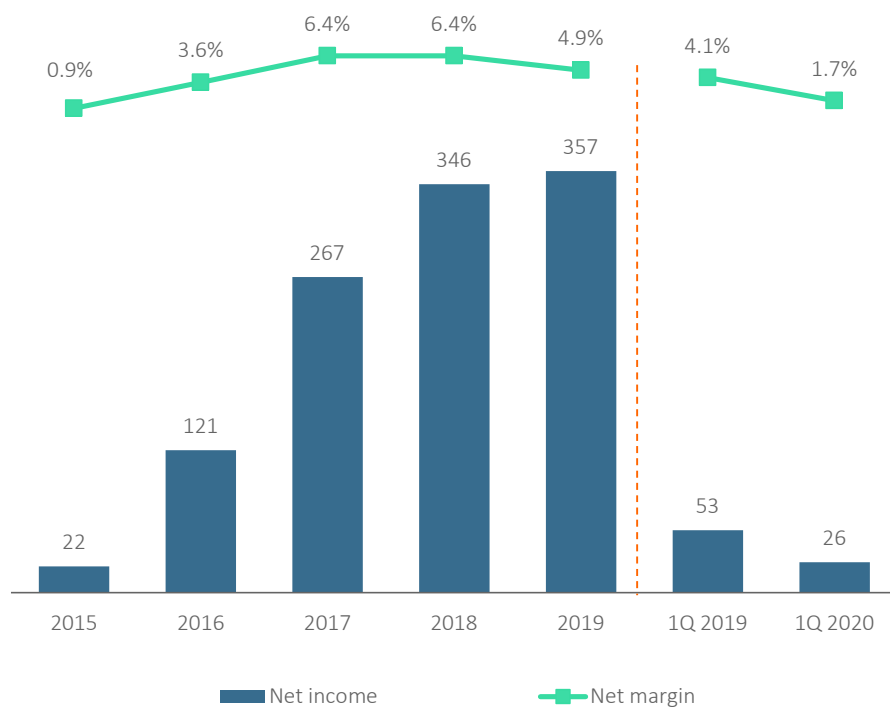
(1) Non-GAAP income from operations is a non-GAAP financial measure, which is defined as income from operations excluding share-based compensation expenses and amortization of intangible assets resulting from business acquisition. Non-GAAP operating margin is non-GAAP income from operations as a percentage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

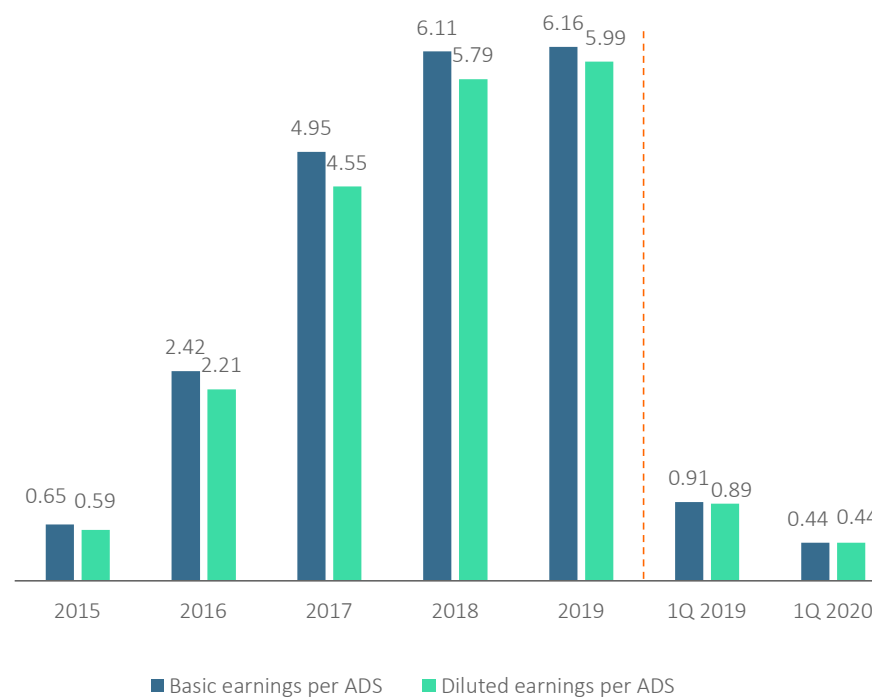
Non-GAAP net income attributable to Ordinary Shareholders of Baozun ⁽¹⁾

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 – Consolidated Statements of Income

in RMB '000	For the year ended December 31,			For the three months ended March 31,	
	2017	2018	2019	2019	2020
Product sales	2,257,632	2,516,862	3,422,151	617,585	701,132
Services	1,891,176	2,876,175	3,856,041	669,176	822,508
Total net revenues	4,148,808	5,393,037	7,278,192	1,286,761	1,523,640
Operating expenses:					
Cost of products	(1,917,467)	(2,034,852)	(2,774,342)	(508,824)	(590,106)
Fulfillment	(818,173)	(1,262,302)	(1,678,191)	(287,576)	(413,016)
Sales and marketing	(910,843)	(1,338,970)	(1,815,642)	(311,420)	(366,167)
Technology and content	(140,689)	(268,973)	(392,951)	(87,866)	(95,882)
General and administrative	(116,554)	(154,845)	(215,660)	(45,469)	(49,935)
Other operating income (expense), net	11,250	22,678	(17,753)	234	4,265
Total operating expenses	(3,892,476)	(5,037,264)	(6,894,539)	(1,240,921)	(1,510,841)
Income from operations	256,332	355,773	383,653	45,840	12,799
Other income (expenses):					
Interest income	13,350	8,017	42,614	1,974	10,580
Interest expense	(4,252)	(13,058)	(61,316)	(8,042)	(17,097)
Gain on disposal of investment	5,464	—	—	—	—
Impairment loss of investments	(6,227)	(9,021)	(9,021)	—	—
Exchange gain (loss)	(21)	(5,991)	(7,663)	968	(4,863)
Income before income tax and share of income (loss) in equity method investment	264,646	335,720	348,267	40,740	609
Income tax expense	(54,251)	(64,953)	(71,144)	(7,305)	(3,410)
Share of income (loss) in equity method investment	(1,265)	(996)	4,768	515	4,460
Net Income	209,130	269,771	281,891	33,950	1,659

Appendix – Selected Consolidated Balance Sheet and Consolidated Cash Flow Statement

Selected Consolidated Balance Sheet Data

in RMB '000	As of December 31,			As of March 31,
	2017	2018	2019	2020
ASSETS				
Cash and cash equivalents	244,809	457,340	1,144,451	947,600
Restricted cash	48,848	125,515	382,359	315,394
Accounts receivable, net ⁽¹⁾	1,085,669	1,547,631	1,800,896	1,593,099
Inventories, net ⁽¹⁾	382,028	650,348	896,818	833,850
TOTAL ASSETS ⁽¹⁾	2,978,969	4,015,824	7,096,600	6,347,912
LIABILITIES AND SHAREHOLDERS' EQUITY				
Accounts payable	583,532	886,340	877,093	523,008
Short-term loan	172,000	436,200	428,490	390,579
TOTAL LIABILITIES ⁽¹⁾	1,152,532	1,820,808	4,496,829	3,726,030
Baozun Inc. shareholders' equity	1,809,023	2,177,543	2,568,731	2,591,422
TOTAL LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY ⁽¹⁾	2,978,969	4,015,824	7,096,600	6,347,912

Consolidated Cash Flow Statement

in RMB '000	For the year ended December 31,		
	2017	2018	2019
Net cash provided by (used in) operating activities	(169,074)	(98,502)	301,396
Net cash provided by (used in) investing activities	(639,163)	37,564	(1,133,451)
Net cash provided by financing activities	167,705	331,225	1,776,891
Net increase (decrease) in cash, cash equivalents and restricted cash	(640,532)	270,287	944,836
Cash, cash equivalents and restricted cash, beginning of year	968,151	293,657	582,855
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(33,962)	18,911	(881)
Cash, cash equivalents and restricted cash, end of year	293,657	582,855	1,526,810

(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 March 31,	
	2015	2016	2017	2018	2019	2019	2020
Income from operations	8,451	90,066	256,332	355,773	383,653	45,840	12,799
Add: Share-based compensation expenses	25,195	34,185	58,231	75,862	75,183	18,476	23,597
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	64,707	36,787
Net income	22,621	85,424	209,130	269,771	281,891	33,950	1,659
Add: Share-based compensation expenses	25,195	34,185	58,231	75,862	75,183	18,476	23,597
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	52,719	25,549
Net income (loss) attributable to ordinary shareholders of Baozun Inc.	(2,711)	86,633	208,866	269,712	281,297	34,009	2,239
Add: Share-based compensation expenses	25,195	34,185	58,231	75,862	75,183	18,476	23,597
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	52,634	25,985

A wide-angle photograph of the Aurora Borealis (Northern Lights) in a snowy mountain landscape. The aurora is a vibrant green and blue light display, appearing as a bright, curved band across the dark night sky. The sky is filled with numerous stars, and the foreground shows snow-covered mountain slopes. The overall scene is serene and majestic.

Thank You!

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