

2Q 2023 Earnings Presentation

August 28, 2023

BAO ZUN



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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. 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”.

Baozun E-Commerce (BEC)

Sustainable Growth with Margin Improvement

- Cultivate the e-commerce market of China and enhance service depth and value proposition
- Omni-channel empowerment
- End-to-end solution provider and business enabler
- Continuous innovations and business value creation

Baozun Brand Management (BBM)

Empowering Brand Growth in China

- 360° brand management
- Online merge offline
- China for China
- Gap Greater China
- Other potential brands

Baozun International (BZI)

From China to the World

- “Glocalization”
- Leverage China e-commerce insights to explore international markets
- Progressively exploring strategic markets including Southeast Asia, Europe etc.

Technology

Our vision “Technology Empowers Future Success”

Accelerate the Path to Commercialization

- Backbone to support business development and innovations
- Efficiency enhancement as well as sales enabler

2Q23 Financial Snapshot



Revenue

RMB 2.3 bn

+9% YoY



Non-GAAP
Operating Income ⁽¹⁾

RMB 1 mn

Of which,
E-Commerce⁽²⁾ Totaled 61 mn
+29% year-over-year



Operating
Cash Flow⁽³⁾

RMB 453 mn

+ 12% YoY



Total Cash
Position ⁽⁴⁾

RMB 3.2 bn

(1) Non-GAAP income (loss) from operations is a non-GAAP financial measure, which is defined as income from operations excluding the impact of share-based compensation expenses, amortization of intangible assets resulting from business acquisition, acquisition-related expenses, impairment of goodwill, loss on variance from expected contingent acquisition payment, and cancellation fees of repurchased ADSs and returned ADSs.
(2) Following the acquisition of Gap Shanghai, the Group updated its operating segments structure resulting in two segments, which were (i) E-Commerce; (ii) Brand Management. For more information, please refer to the Company's Second Quarter 2023 Unaudited Financial Results Earnings Release Supplemental Information.
(3) Unaudited operating cash flow, based on the Company's internal management account.
(4) Including cash, cash equivalents, restricted cash and short term investment

Baozun Strategic Partnership With ABG



50+

Brands

\$29B+

Global retail sales

150+

Countries



NINE WEST

FOREVER 21

TED BAKER
LONDON

HUNTER

Juicy Couture

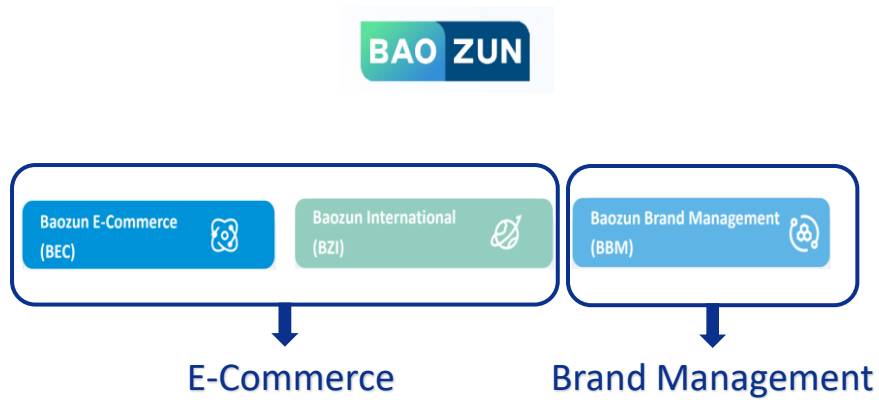
NAUTICA



Source: ABG Company Website



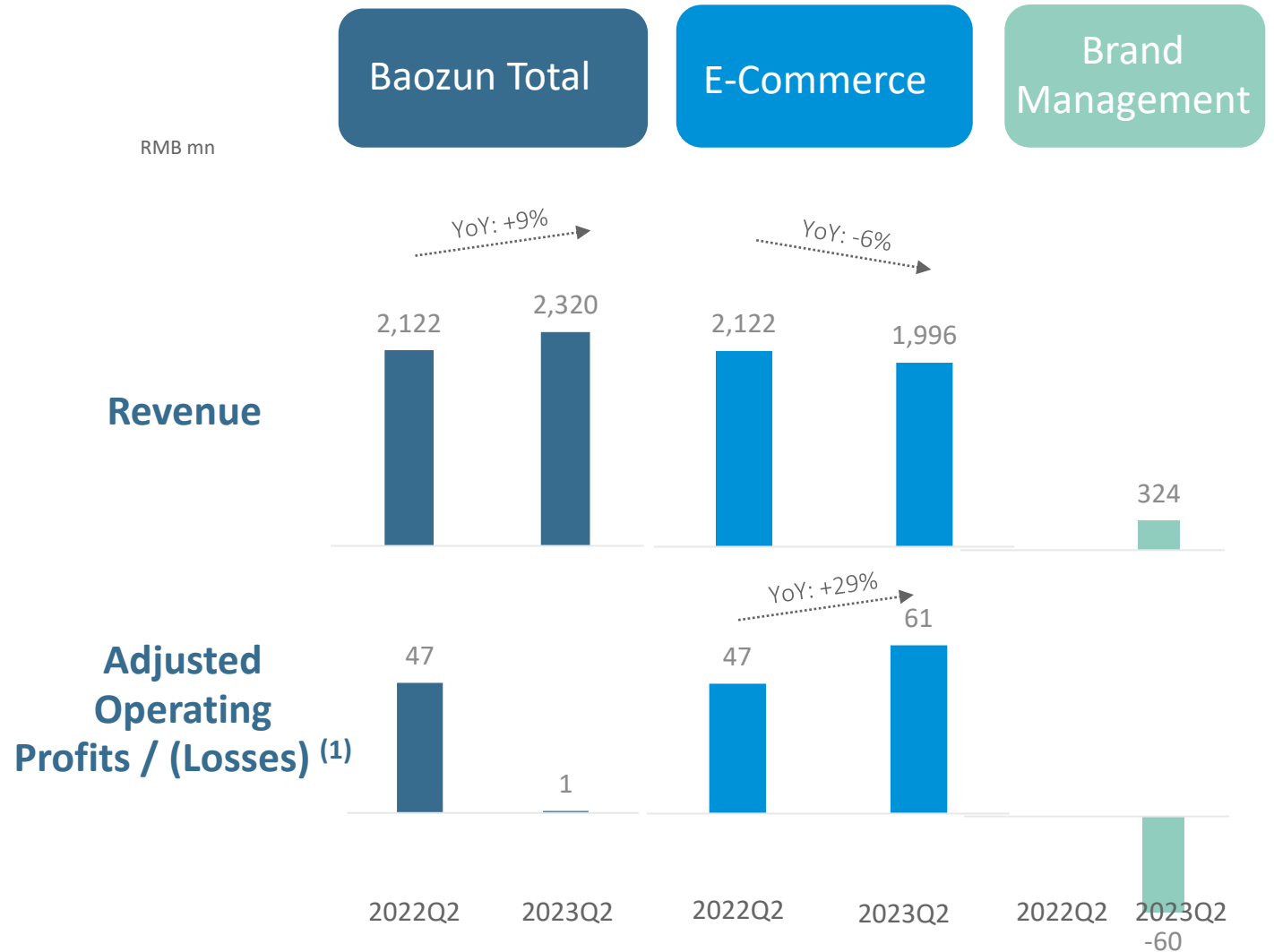
2Q23 Financial Highlights by Segment



Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the “CODM”), which is identified as the chief executive officer. The CODM regularly reviews the operation data, segment profits and uses these results to evaluate the performance of, and to allocate resources to, each of the segments.

After the acquisition of GAP Shanghai, being the first brand brought into Brand Management starting from February 1st, 2023, the Group updated its operating segments structure into two operating segments, which are (i) E-Commerce; (ii) Brand Management, in the purpose of better reflecting the business developments. The prior segment data has been restated when an operating segment is identified as a new reportable segment in the current period.

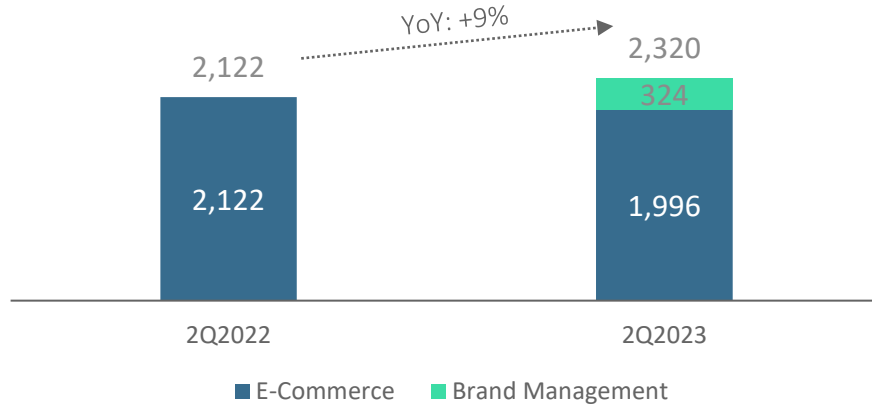
(1) Adjusted Operating Profits/(Losses) represent segment profits/(Losses), which is income/ (loss) from operations from each segment without allocating share-based compensation expenses, acquisition-related expenses and amortization of intangible assets resulting from business acquisition.



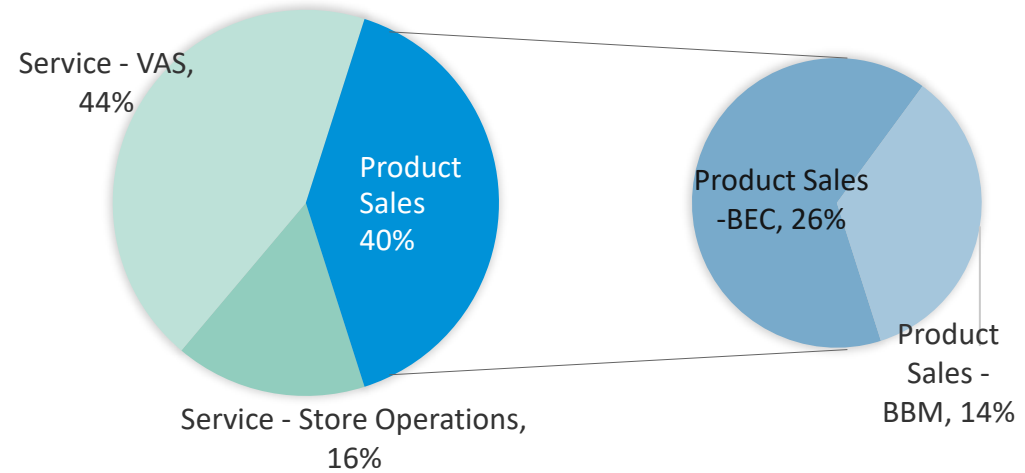
2Q23 Revenue Breakdown

Total Net Revenues

RMB mn



Revenue Contribution by Business Model



Revenue Characteristics



Product sales revenue of BBM with contribution from Gap Greater China

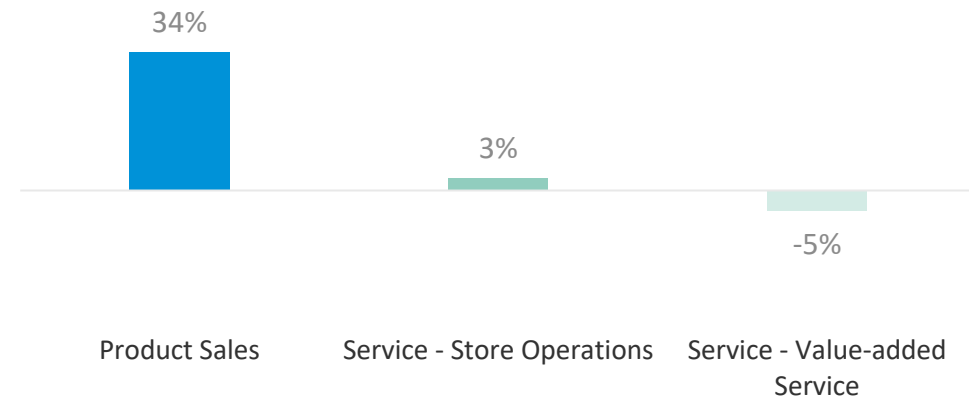


Sportswear, beauty and cosmetics delivered double digit revenue growth

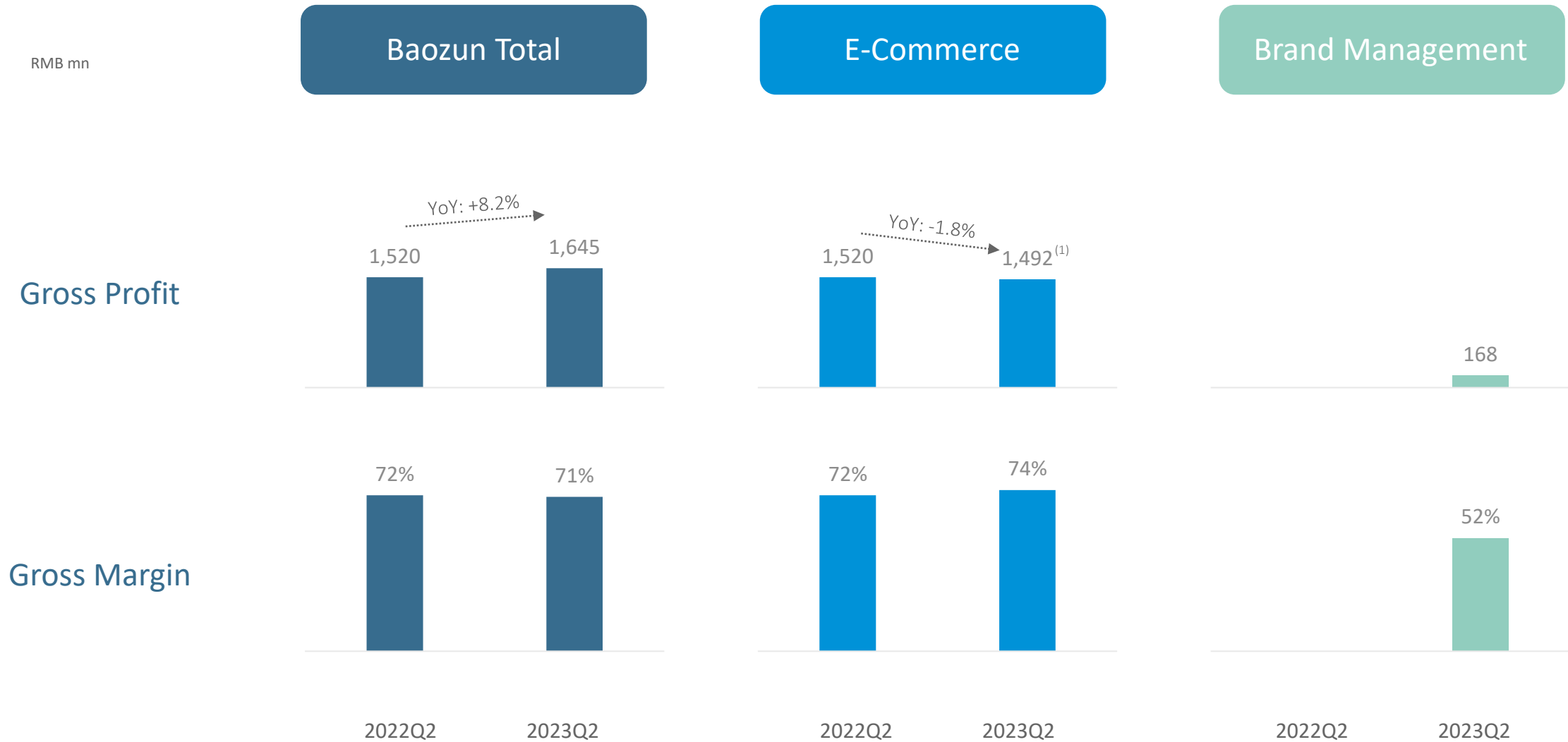


Weak product sales revenue of BEC primarily due to appliances and electronics category

Revenue YoY Change Breakdown by Business Model



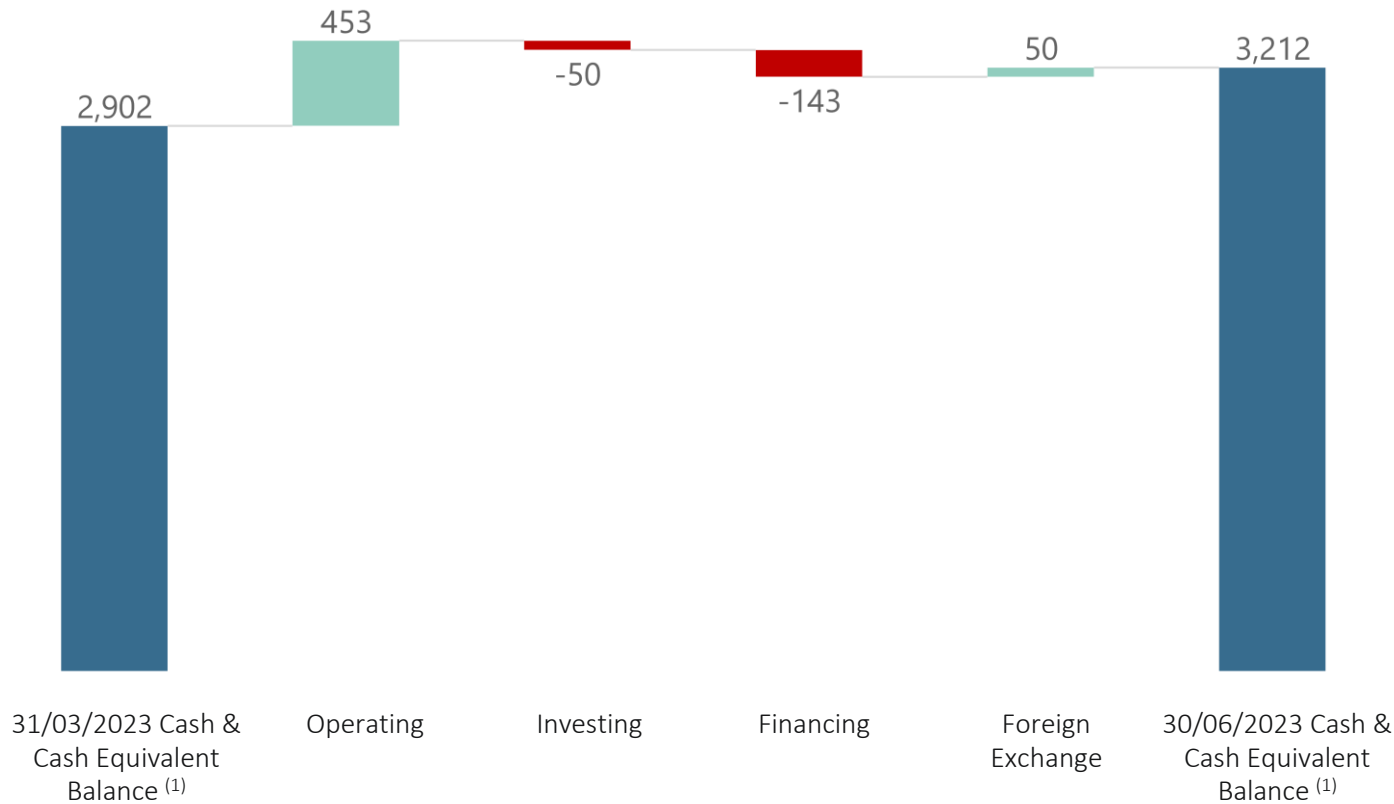
Gross Profit and Gross Margin Breakdown



(1) Before inter-segment eliminations of 15mn provided by E-Commerce to Gap, a brand under Brand Management

Cash Flow Walk 1Q23 vs 2Q23

RMB Mn



Total Cash Position

RMB 3.2 bn

+ 2% YoY

Net Cash Position

RMB 2.1 bn

+ 14% YoY



OCF improved RMB49Mn YoY through efficient working capital management



Net interest income RMB10Mn+ through effective treasury management

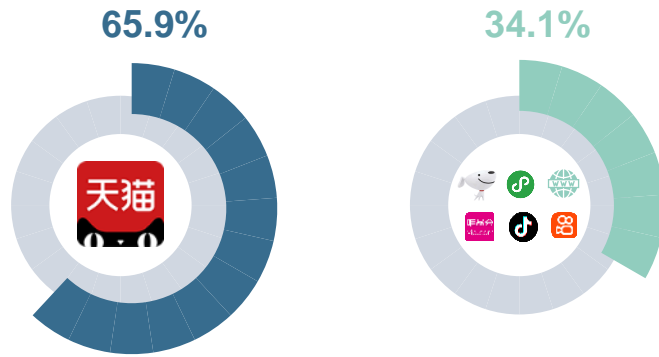


Financing cash flow change mainly due to repayment of short-term loan

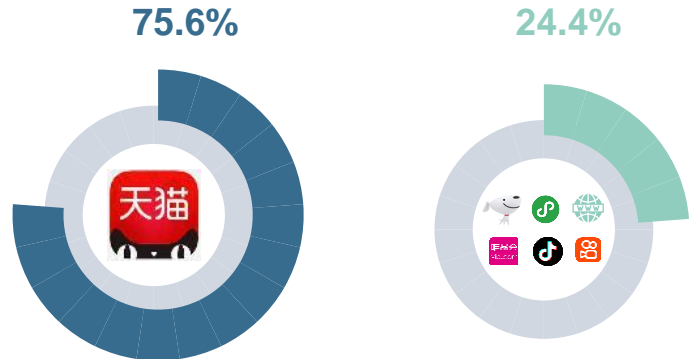
(1) Including cash, cash equivalents, restricted cash and short term investment

E-Commerce Omni-Channel Progress

2023Q2 GMV Channel Contribution



2022Q2 GMV Channel Contribution



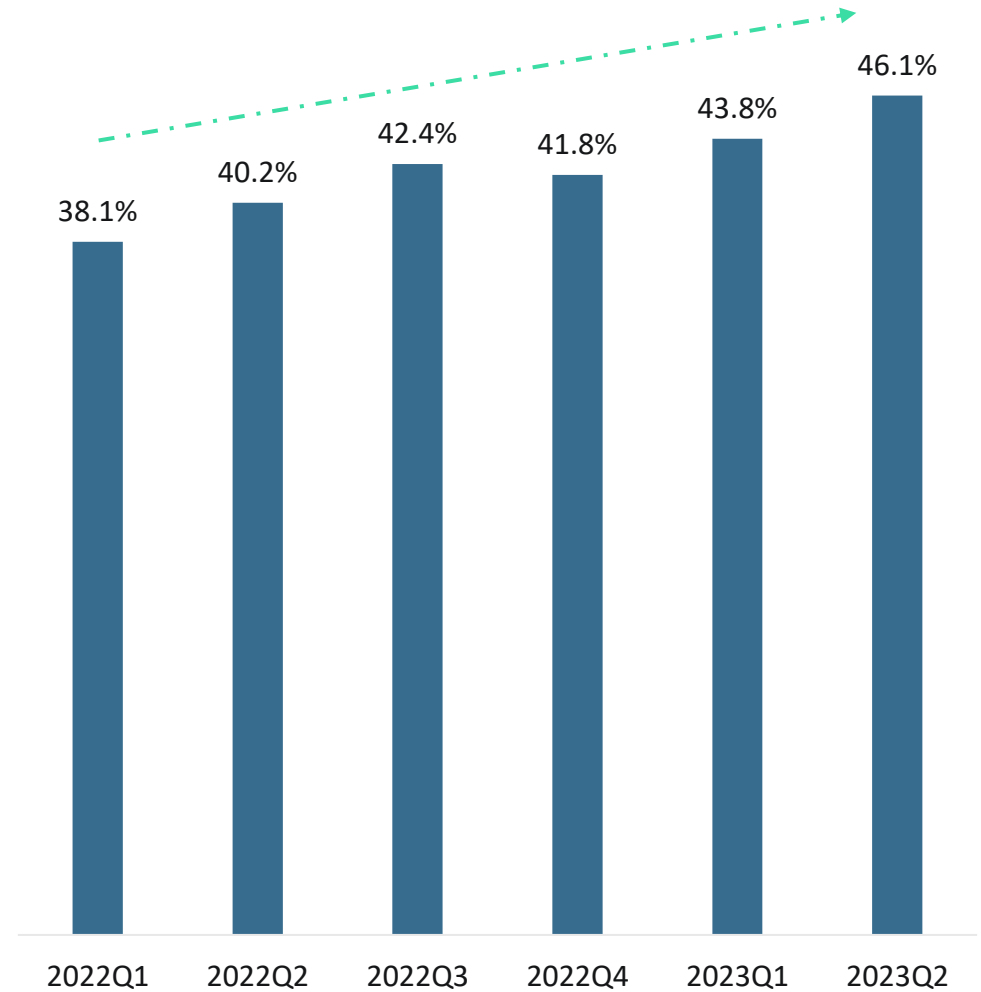
-10pts ↓

Tmall Channel

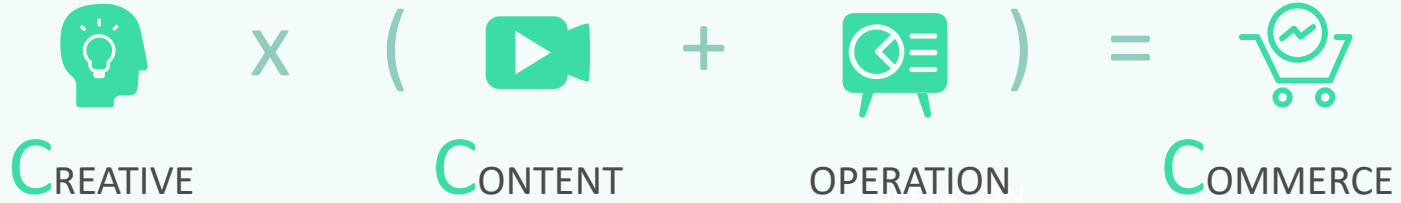
+10pts ↑

Non-Tmall Channel

Multi-Channel Rate



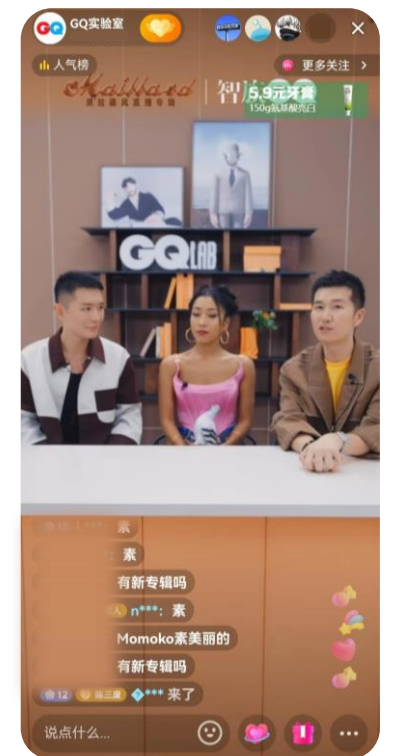
Creative Content to Commerce

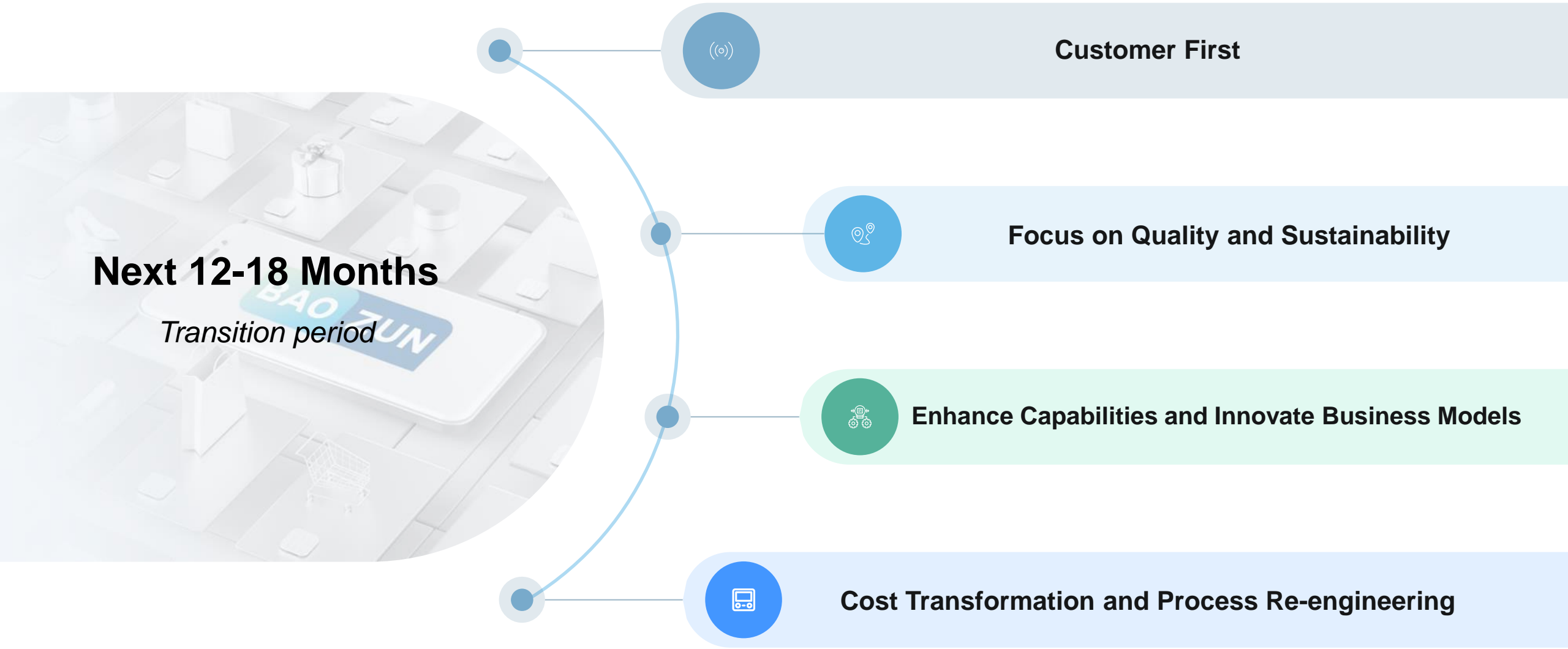


10,000+ sq.m.
Livestreaming center Shanghai, Hangzhou, Wuhan, Hefei and Nantong

Multi-Location

Showcases





BBM is a holistic omni-channel partner for global brands. We focus on growing a portfolio of premium consumer lifestyle brands that we manage with a data and technology driven China-for-China approach.

Holistic brand management

- From online to offline
- From supply chain to marketing, go-to-market and distribution
- In a portfolio approach

Positioning

- Mid-end and premium consumer lifestyle brands

Target

- Brands with strong potential in China and Asia
- Brands with strong digital potential

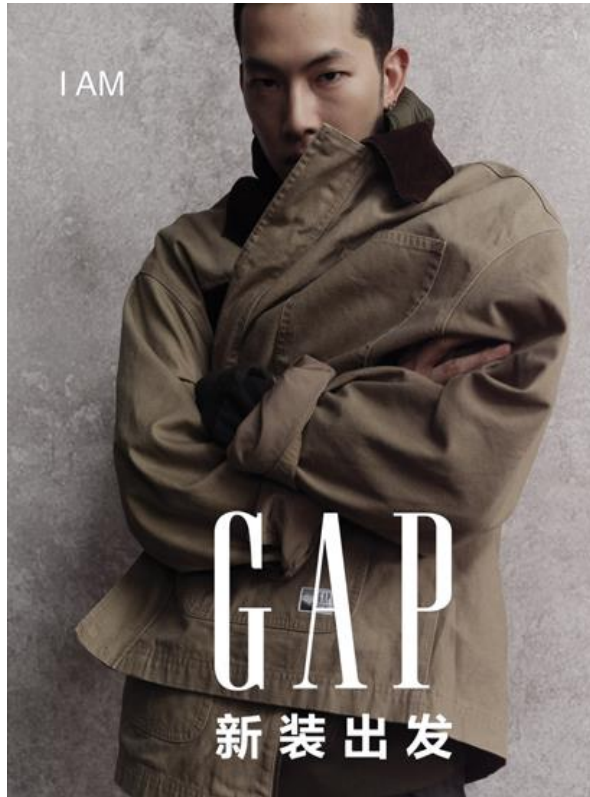


Gap Highlights for 2Q 2023

GAP

324MM
Revenue Contribution

Approx. 52%
Gross Margin



I am the one that I used to be
But I also become the new one
in each endeavor

I am the classic active that has been popular for
five decades
I created khaki pants that swept the US
I fill the closet with simple basics

Now
I am the preppy outfits that bring you back to the
youth
I bring in new workwear with functionality to fulfil
urban life
I also upgrade the design/silhouette with premium
garments
But I am also embracing the rising tide

I am GAP, 新装出发

Acquiring 51% Hunter IP For Greater China and Southeast Asia



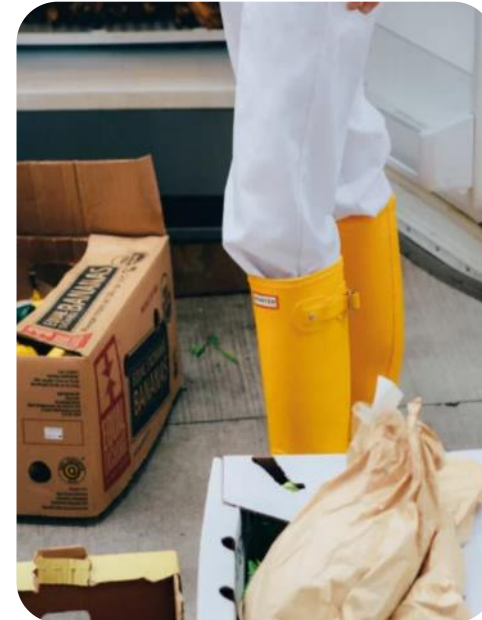
DIVERSE

“We celebrate unique individuals with a strong connection to the world outside.”



FREEDOM

“Nature gives to you Openly, Freely, not knowingly.”



NATURE

“Hunter plays a part in enabling people to experience nature and all its possibilities.”

Q&A

Appendix



Selected Consolidated Statements of Income

in RMB '000	For the year ended December 31,			For the six months ended June 30,		For the three months ended June 30,	
	2020	2021	2022	2022	2023	2022	2023
Product sales	3,906,611	3,873,589	2,644,214	1,374,741	1,596,325	693,901	930,256
Services	4,944,952	5,522,667	5,756,417	2,731,454	2,611,632	1,428,136	1,389,905
Total net revenues	8,851,563	9,396,256	8,400,631	4,106,195	4,207,957	2,122,037	2,320,161
Operating expenses:							
Cost of products	(3,326,243)	(3,276,571)	(2,255,950)	(1,197,863)	(1,180,137)	(602,189)	(675,050)
Fulfilment	(2,259,176)	(2,661,126)	(2,719,749)	(1,354,415)	(1,226,281)	(725,030)	(658,652)
Sales and marketing	(2,130,667)	(2,549,842)	(2,674,358)	(1,284,236)	(1,299,127)	(668,331)	(706,440)
Technology and content	(409,870)	(448,410)	(427,954)	(217,507)	(244,033)	(112,226)	(129,142)
General and administrative	(224,045)	(525,802)	(371,470)	(182,278)	(412,730)	(91,704)	(249,503)
Other operating income (expense), net	57,115	72,516	95,292	65,579	77,285	54,088	62,189
Impairment of goodwill	-	-	(13,155)	-	-	-	-
Total operating expenses	(8,292,886)	(9,389,235)	(8,367,344)	(4,170,720)	(4,285,023)	(2,145,392)	(2,356,598)
Income (loss) from operations	558,677	7,021	33,287	(64,525)	(77,066)	(23,355)	(36,437)
Other income (expenses):							
Interest income	41,373	62,943	45,816	16,258	38,139	7,335	20,286
Interest expense	(66,124)	(56,847)	(56,917)	(33,546)	(20,718)	(13,806)	(9,763)
Unrealized investment loss	-	(209,956)	(97,827)	(94,645)	(51,874)	(12,657)	(9,305)
Gain (loss) on disposal/acquisition of subsidiaries and investment in equity investee	-	150	(107,032)	-	3,251	-	3,251
Gain on repurchase of CB	-	-	7,907	7,907	-	-	-
Impairment loss of investments	(10,800)	(3,541)	(8,400)	-	-	-	-
Exchange (loss)/gain	25,725	46,226	(32,384)	(25,026)	(7,992)	(29,041)	(6,647)
Fair value gain/(loss) on derivative liabilities	-	-	(364,758)	-	24,515	-	24,515
Income (loss) before income tax and share of income (loss) in equity method investment	548,851	(154,004)	(580,308)	(193,577)	(91,745)	(71,524)	(14,100)
Income tax expense	(127,787)	(55,259)	(26,480)	(6,621)	(4,105)	(3,659)	(2,350)
Share of income (loss) in equity method investment	5,470	3,300	(3,586)	3,256	4,656	3,795	4,432
Net Income(loss)	426,534	(205,963)	(610,374)	(196,942)	(91,194)	(71,388)	(12,018)

Reconciliations of GAAP and non-GAAP Financial Measures

In RMB '000	For the year ended December 31,			For the six months ended June 30,		For the three months ended June 30,	
	2020	2021	2022	2022	2023	2022	2023
Income (loss) from operations	558,677	7,021	33,287	(64,525)	(77,066)	(23,355)	(36,437)
Add: Share-based compensation expenses	108,440	196,547	142,381	94,862	49,367	59,822	29,264
Amortization of intangible assets resulting from business acquisition	1,564	20,536	39,431	21,580	16,053	10,790	7,911
Acquisition-related expenses	-	-	13,694	-	2,709	-	-
Impairment of goodwill	-	-	13,155	-	-	-	-
Loss related to investments ⁽¹⁾	-	-	9,495	-	-	-	-
Cancellation fees of repurchased shares	-	-	4,650	-	-	-	-
Non-GAAP income (loss) from operations	668,681	224,104	256,093	51,917	(8,937)	47,257	738
Net income (loss)	426,534	(205,963)	(610,374)	(196,942)	(91,194)	(71,388)	(12,018)
Add: Share-based compensation expenses	108,440	196,547	142,381	94,862	49,367	59,822	29,264
Amortization of intangible assets resulting from business acquisition	1,564	20,536	39,431	21,580	16,053	10,790	7,911
Acquisition-related expenses	-	-	13,694	-	2,709	-	-
Impairment of goodwill and investments	-	-	21,555	-	-	-	-
Loss related to investments ⁽¹⁾	-	209,956	579,112	-	-	-	-
Cancellation fees of repurchased shares	-	-	4,650	-	-	-	-
Unrealized investment loss	-	-	-	94,645	51,874	12,657	9,305
Less: Tax effect of amortization of intangible assets resulting from business acquisition	(392)	(3,686)	(7,880)	(4,402)	(3,072)	(2,201)	(1,507)
Gain on acquisition of subsidiaries	-	-	-	-	(3,251)	-	(3,251)
Fair value gain on derivative liabilities	-	-	-	-	(24,515)	-	(24,515)
Non-GAAP net income (loss)	536,146	217,390	182,569	9,743	(2,029)	9,680	5,189
Net income (loss) attributable to ordinary shareholders of Baozun Inc.	425,992	(219,830)	(653,290)	(200,163)	(103,575)	(77,759)	(20,028)
Add: Share-based compensation expenses	108,440	196,547	142,381	94,862	49,367	59,822	29,264
Amortization of intangible assets resulting from business acquisition	796	15,574	30,076	16,400	12,224	8,200	5,991
Acquisition-related expenses	-	-	13,694	-	2,709	-	-
Impairment of goodwill and investments	-	-	21,555	-	-	-	-
Loss related to investments ⁽¹⁾	-	209,956	579,112	-	-	-	-
Cancellation fees of repurchased shares	-	-	4,650	-	-	-	-
Unrealized investment loss	-	-	-	94,645	51,874	12,657	9,305
Less: Tax effect of amortization of intangible assets resulting from business acquisition	(200)	(2,645)	(5,972)	(3,324)	(2,315)	(1,662)	(1,127)
Gain on acquisition of subsidiaries	-	-	-	-	(3,272)	-	(3,272)
Fair value gain on derivative liabilities	-	-	-	-	(24,515)	-	(24,515)
Non-GAAP net income (loss) attributable to ordinary shareholders of Baozun Inc.	535,028	199,602	132,206	2,420	(17,503)	1,258	(4,382)

Data Source: 20-F and 6-K

1. Loss related to investments refer to Loss on variance from expected contingent acquisition payment, Fair value loss on derivative liabilities, Loss on disposal of investments and subsidiary and Unrealized investment loss

Selected Consolidated Balance Sheet Data

in RMB '000	For the year ended December 31,			For the three months ended June 30,	
	2020	2021	2022	2022	2023
ASSETS					
Cash and cash equivalents	3,579,665	4,606,545	2,144,020	3,114,597	1,689,337
Restricted cash	151,354	93,219	101,704	22,171	59,374
Short-term investments	1,448,843	-	895,425	-	1,463,784
Accounts receivable, net ⁽¹⁾	2,188,977	2,260,918	2,292,678	2,095,403	1,825,671
Inventories, net ⁽¹⁾	1,026,038	1,073,567	942,997	899,644	1,018,088
Property and equipment, net	430,089	652,886	694,446	707,747	846,327
Right-of-use assets	524,792	1,095,570	847,047	1,014,894	1,122,118
Other assets	1,124,933	2,536,275	2,204,153	2,223,691	2,256,066
TOTAL ASSETS ⁽¹⁾	10,474,691	12,318,980	10,122,470	10,078,147	10,280,765
LIABILITIES AND SHAREHOLDERS' EQUITY					
Accounts payable	421,562	494,079	474,732	400,047	427,272
Short-term loan	-	2,288,465	1,016,071	1,311,387	1,123,468
Long-term loan	1,762,847	-	-	-	-
Accrued expenses and other current liabilities	991,180	984,519	1,025,540	969,434	1,096,164
Operating lease liabilities	535,556	1,161,671	909,400	1,078,534	1,185,837
Other liabilities	620,943	908,897	1,020,389	283,795	789,668
TOTAL LIABILITIES ⁽¹⁾	4,332,088	5,837,631	4,446,132	4,043,197	4,622,409
Baozun Inc. shareholders' equity	6,111,021	4,896,359	4,084,162	4,461,563	4,052,245
Noncontrolling interests	31,582	1,584,990	1,592,176	1,573,387	1,606,111
TOTAL LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND SHAREHOLDERS' EQUITY ⁽¹⁾	10,474,691	12,318,980	10,122,470	10,078,147	10,280,765

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

Thank You!

BAO ZUN

