

4Q 2023 Earnings Presentation

March 21, 2024

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 Business Transformation and 2023 Achievements



Total Revenue

RMB 8.8 bn

+5% YoY

Operating Cash Flow ⁽¹⁾

RMB 454 mm

Annual Operating Cash Flow and Free Cash Flow both Set **New Records**

Baozun E-Commerce (BEC)

- Service quality and customer satisfaction enhancement
- Omni-channel capability upgrade
- Operating efficiency and cost management improvement

Baozun Brand Management (BBM)

- Set foundation for growth in BBM
- Build Gap Greater China roadmap of "premiumization"
- Form Hunter IP JV with Authentic Brand Group, and become brand licensee for operations in Greater China

Baozun International (BZI)

- Build infrastructure in 4 countries in SEA
- Hunter to establish new offline & online stores in Singapore and Malaysia in 2024

Technology

- Asia's only Representative Vendor in Gartner's 2024 Market Guide for Distributed Order Management Systems
- Backbone to support business development and innovations
- AIGC integration to boost daily operating efficiency

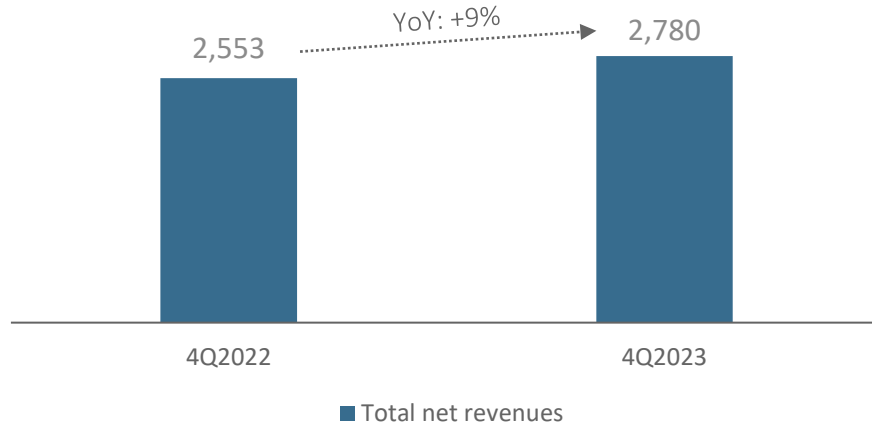


(1) Unaudited operating cash flow, based on the Company's internal management account.

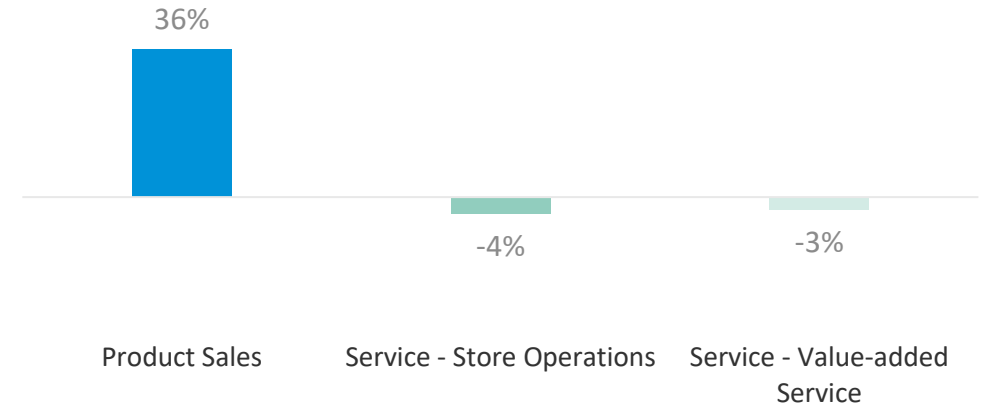
4Q23 Revenue Breakdown

Total Net Revenues

RMB mn



Revenue YoY Change Breakdown by Segment



Revenue Characteristics



Product Sales of BBM with contribution from Gap Greater China



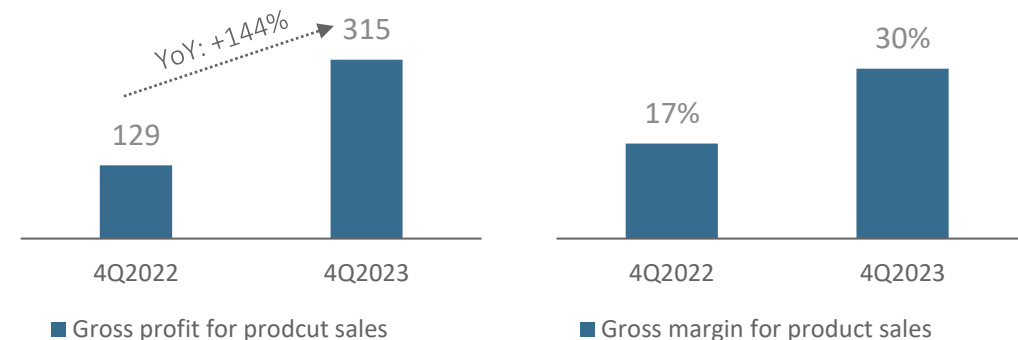
Stable revenue contribution from value-added services



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

Gross profit and gross margin for product sales ⁽¹⁾

RMB mn



(1) Gross profit for product sales equals product sales revenues minus cost of products. Gross margin for product sales equals gross profit for product sales divided by product sales revenues.

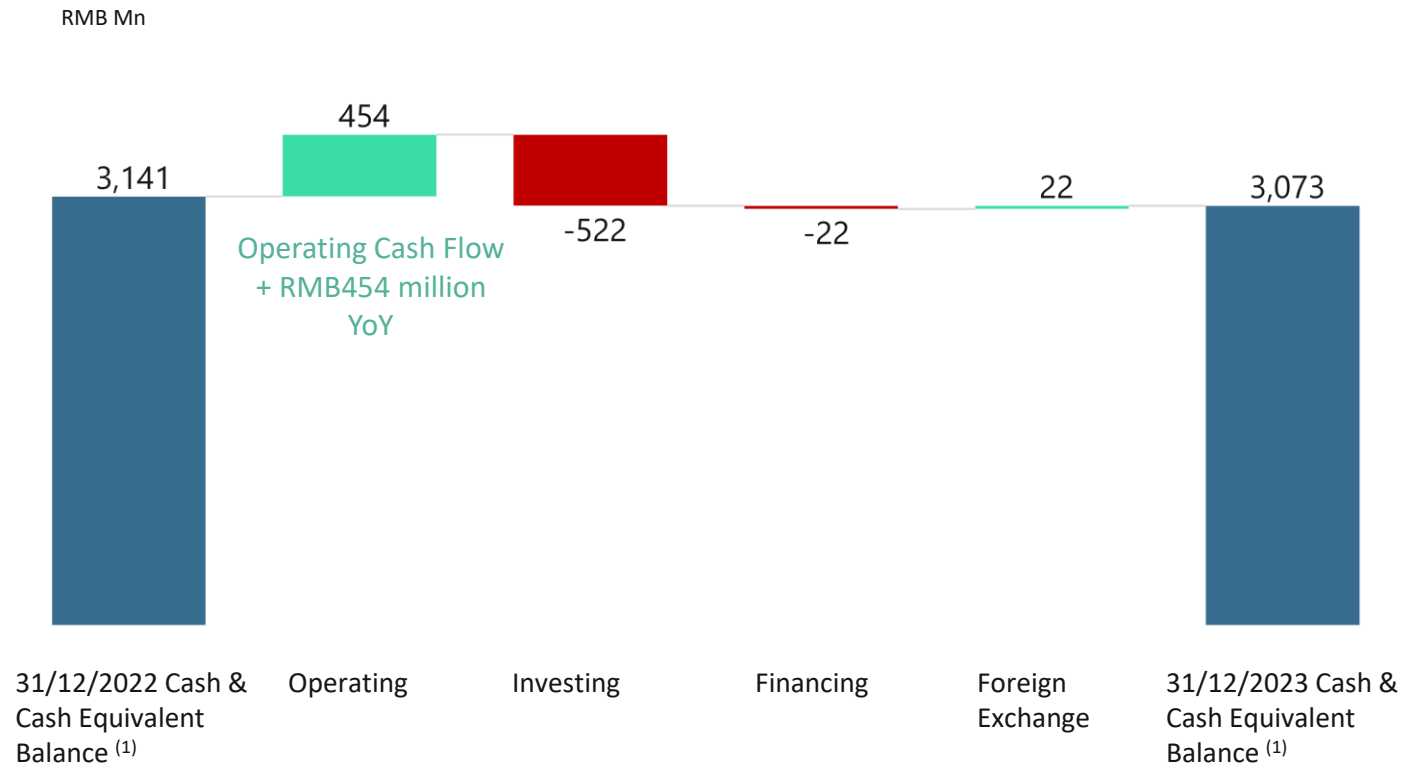
Cash Flow Walk FY2022 vs FY2023

Total Cash Position

RMB 3.1 bn

Operation Cash Flow

Historical High Record



Historical high record of operating cash flow (OCF) and free cash flow (FCF)



OCF improved RMB71Mn YoY through efficient working capital management



Net interest income RMB41Mn+ through effective treasury management



Investing cash outflow mainly due to investment to expenditure and Capex of LSG, CCC and Gap offline stores



Financing cash flow change mainly due to repayment of short-term loan and payback of Cainiao investment

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

BEC Business Transition Key Initiatives



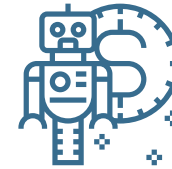
Customer Centric

- Customer satisfaction enhancement
- Nielsen NPS score improvement
- Over 97% key account renew rate



High Quality Business Growth

- Omni-channel capability enhancement
- Core categories expansion
- Content based e-commerce investment –
CCC & Location Acquisition



Efficiency Improvement & Cost Control

- Lean management committee
- Middle and back-office integration
- Regional service center scale up
- Significant cash flow improvement

GAP

GOAL

CULTURALLY RELEVANT in Greater China

FOCUS

Build Chinese Consumer Love

1

China-For-China
Products

2

Local & Agile
Supply Chain

3

Break The
Discount
Vicious Cycle

4

Upgrade
Retail Customer
Experience

5

Omnichannel
Reimagined

6

Uplift Brand
Impact

STRATEGIC
PRIORITIES

BBM Key Achievement



	Net Revenues	Gross Profit Margin	Offline Store Same Store Growth	Inventory Turnover Days	Non-GAAP Operating Loss
4Q23	458 _{MM}	53%	12%	110 _{days}	43 _{MM}
FY2023	1.3 _{BN}	54%	19%	138 _{days}	188 _{MM}

Premiumization

- New product segmentation
- Integrated go-to-market approach
- Strict price and discount controls

Supply Chain Localization

- Speed to market
- Efficient inventory management
- Reduction of turnover days

Building Fundamentals

- IT systems upgrade
- Channel segmentation
- Data-driven royalty program

Q&A

Appendix

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Selected Consolidated Statements of Income

in RMB '000	For the year ended December 31,			For the three months ended December 31,	
	2021	2022	2023	2022	2023
Product sales	3,873,589	2,644,214	3,357,202	772,375	1,053,022
Services	5,522,667	5,756,417	5,454,811	1,780,789	1,727,392
Total net revenues	9,396,256	8,400,631	8,812,013	2,553,164	2,780,414
Operating expenses:					
Cost of products	(3,276,571)	(2,255,950)	(2,409,110)	(643,311)	(737,813)
Fulfilment	(2,661,126)	(2,719,749)	(2,507,306)	(789,459)	(768,028)
Sales and marketing	(2,549,842)	(2,674,358)	(2,829,016)	(787,684)	(892,401)
Technology and content	(448,410)	(427,954)	(505,203)	(112,146)	(140,788)
General and administrative	(525,802)	(371,470)	(855,914)	(91,508)	(228,697)
Other operating income, net	72,516	95,292	123,368	8,167	28,923
Impairment of goodwill	-	(13,155)	(35,212)	(13,155)	(35,212)
Total operating expenses	(9,389,235)	(8,367,344)	(9,018,393)	(2,429,096)	(2,774,016)
Income (loss) from operations	7,021	33,287	(206,380)	124,068	6,398
Other income (expenses):					
Interest income	62,943	45,816	82,113	21,073	19,508
Interest expense	(56,847)	(56,917)	(41,344)	(13,647)	(9,436)
Unrealized investment (loss) gain	(209,956)	(97,827)	(68,031)	5,037	(8,352)
Gain (loss) on disposal/acquisition of subsidiaries and investment in equity investee	150	(107,032)	631	(7,511)	(2,620)
Gain on repurchase of CB	-	7,907	-	-	-
Impairment loss of investments	3,541	8,400	-	-	-
Exchange gain (loss)	46,226	(32,384)	(8,530)	1,460	735
Fair value (loss) gain on derivative liabilities	-	(364,758)	24,515	(364,758)	-
(Loss)/Income before income tax and share of (loss) income in equity method investment	(154,004)	(580,308)	(217,026)	(234,278)	6,233
Income tax expense	(55,259)	(26,480)	(12,003)	(15,600)	(5,952)
Share of income (loss) in equity method investment	3,300	(3,586)	6,253	(6,573)	(2,264)
Net loss	205,963	610,374	222,776	256,451	1,983

Reconciliations of GAAP and non-GAAP Financial Measures

In RMB '000	For the year ended December 31,			For the three months ended December 31,	
	2021	2022	2023	2022	2023
Income (loss) from operations	7,021	33,287	(206,380)	124,068	6,398
Add: Share-based compensation expenses	196,547	142,381	103,449	13,690	24,667
Amortization of intangible assets resulting from business acquisition	20,536	39,431	31,875	8,511	7,911
Acquisition-related expenses	-	13,694	12,171	13,694	1,467
Impairment of goodwill	-	13,155	35,212	13,155	35,212
Loss related to investments ⁽¹⁾	-	9,495	-	9,495	-
Cancellation fees of repurchased shares	-	4,650	-	-	-
Non-GAAP income (loss) from operations	224,104	256,093	(23,673)	182,613	75,655
Net loss	(205,963)	(610,374)	(222,776)	(256,451)	(1,983)
Add: Share-based compensation expenses	196,547	142,381	103,449	13,690	24,667
Amortization of intangible assets resulting from business acquisition	20,536	39,431	31,875	8,511	7,911
Acquisition-related expenses	-	13,694	12,171	13,694	1,467
Impairment of goodwill and investments	-	21,555	35,212	13,155	35,212
Loss related to investments ⁽¹⁾	209,956	579,112	42,885	376,727	10,972
Cancellation fees of repurchased shares	-	4,650	-	-	-
Less: Tax effect of amortization of intangible assets resulting from business acquisition	(3,686)	(7,880)	(6,086)	(1,640)	(1,507)
Non-GAAP net income (loss)	217,390	182,569	(3,270)	167,686	76,739
Net loss attributable to ordinary shareholders of Baozun Inc.	(219,830)	(653,290)	(278,422)	(284,269)	(48,414)
Add: Share-based compensation expenses	196,547	142,381	103,449	13,690	24,667
Amortization of intangible assets resulting from business acquisition	15,574	30,076	24,206	6,537	5,991
Acquisition-related expenses	-	13,694	12,171	13,694	1,467
Impairment of goodwill and investments	-	21,555	35,212	13,155	35,212
Loss related to investments ⁽¹⁾	209,956	579,112	42,864	376,727	10,972
Cancellation fees of repurchased shares	-	4,650	-	-	-
Less: Tax effect of amortization of intangible assets resulting from business acquisition	(2,645)	(5,972)	(4,569)	(1,252)	(1,127)
Non-GAAP net income (loss) attributable to ordinary shareholders of Baozun Inc.	199,602	132,206	(65,089)	138,282	28,768

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(gain) 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,		
	2021	2022	2023
ASSETS			
Cash and cash equivalents	4,606,545	2,144,020	2,149,531
Restricted cash	93,219	101,704	202,764
Short-term investments	-	895,425	720,522
Accounts receivable, net ⁽¹⁾	2,260,918	2,292,678	2,184,729
Inventories, net ⁽¹⁾	1,073,567	942,997	1,045,116
Property and equipment, net	652,886	694,446	851,151
Right-of-use assets	1,095,570	847,047	1,070,120
Other assets	2,536,275	2,204,153	2,250,543
TOTAL ASSETS ⁽¹⁾	12,318,980	10,122,470	10,474,476
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payable	494,079	474,732	563,562
Short-term loan	2,288,465	1,016,071	1,115,721
Long-term loan	-	-	-
Accrued expenses and other current liabilities	984,519	1,025,540	1,188,179
Operating lease liabilities	1,161,671	909,400	1,132,079
Other liabilities	908,897	1,020,389	623,199
TOTAL LIABILITIES ⁽¹⁾	5,837,631	4,446,132	4,622,740
Baozun Inc. shareholders' equity	4,896,359	4,084,162	4,097,204
Noncontrolling interests	1,584,990	1,592,176	1,754,532
TOTAL LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND SHAREHOLDERS' EQUITY ⁽¹⁾	12,318,980	10,122,470	10,474,476

Thank You!

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