



**ZKH 震坤行**  
NYSE: ZKH

2Q2024 Earnings Presentation

# Disclaimer

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This document contains forward-looking statements. These statements are made pursuant to the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “may,” “will,” “expects,” “anticipates,” “aim,” “estimates,” “intends,” “plans,” “believes,” “is/are likely to,” “potential,” “continue,” and similar statements. Among other things, the quotations from management in the announcement, ZKH’s strategic and operational plans and outlook statements, contain forward-looking statements. ZKH may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (the “SEC”), in its annual report to shareholders, in press release and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about ZKH’s beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: ZKH’s mission, goals and strategies; ZKH’s future business development, financial condition and results of operations; the expected changes in its revenues, expenses or expenditures; the expected growth of the MRO procurement service industry in China and globally; changes in customer or product mix; ZKH’s expectations regarding the prospects of its business model and the demand for and market acceptance of its products and services; ZKH’s expectations regarding its relationships with customers, suppliers, and service providers on its platform; competition in the Company’s industry; government policies and regulations relating to ZKH’s industry; general economic and business conditions in China and globally; the outcome of any current and future legal or administrative proceedings; and assumptions underlying or related to any of the foregoing. Further information regarding these and other risks is included in ZKH’s filings with the SEC. All information provided herein is as of the date of this document, and ZKH undertakes no obligation to update any forward-looking statement, except as required under applicable law.

This document also contains non-GAAP financial measures, the document of which is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with accounting principles generally accepted in the United States of America. In addition, the Company’s calculation of these non-GAAP financial measures may be different from the calculation used by other companies, and therefore comparability may be limited. The reconciliation of those measures to the most comparable GAAP measures is contained within this document or available at our website <https://ir.zkh.com/>.



# ZKH Today

**ZKH 震坤行**

Leading MRO Procurement Service Platform with One-stop Services and Offerings



Notes:

1. In 2023
2. Approximately 97% of our top 500 customers in terms of GMV in 2022 transacted with us in 2023
3. As of December 31, 2023

**01**

## 2Q2024 Highlights

# 2Q2024 Highlights

**ZKH 震坤行**

Steadfastly Committed to Doing What is Right for Long-Term Business Success

## A solid performance with sustained year-over-year profitability improvement:



**Accelerated digital and AI transformation across business areas, leading to improved employee productivity in 2Q2024**



**Strengthened supply chain capabilities to enhance value-for-money offerings, including our private label products**

- GMV contributed by our private label products increased by 27.1% year-over-year in 2Q2024.



**Optimized sales team structure to enhance customer engagement and service**

- Served 48,000+ and 63,000+ customers in 2Q2024 and 1H2024, representing a year-over-year increase of 25.1% and 32.7%, respectively.
- SME customer growth continued, while KA customers remained key for market share gains.



**Delivered another quarter of profitability improvement**

- Gross margin increased by 86.2 basis points year over year to 17.0%, driven by improved product sales model (1P) margin (from 13.7% to 15.5%) and marketplace model (3p) take-rate (from 11.4% to 12.2%) on the ZKH platform.
- Adjusted net loss narrowed by 73.1% year over year to RMB34.9 million, representing an adjusted net loss margin improvement of 469.6 basis points (from -6.2% to -1.5%), marking the ninth consecutive quarter of year-over-year improvement.
- Net cash generated from operating activities was RMB122.1 million in 2Q2024, compared with net cash used in operating activities of RMB236.2 million in 2Q2023.



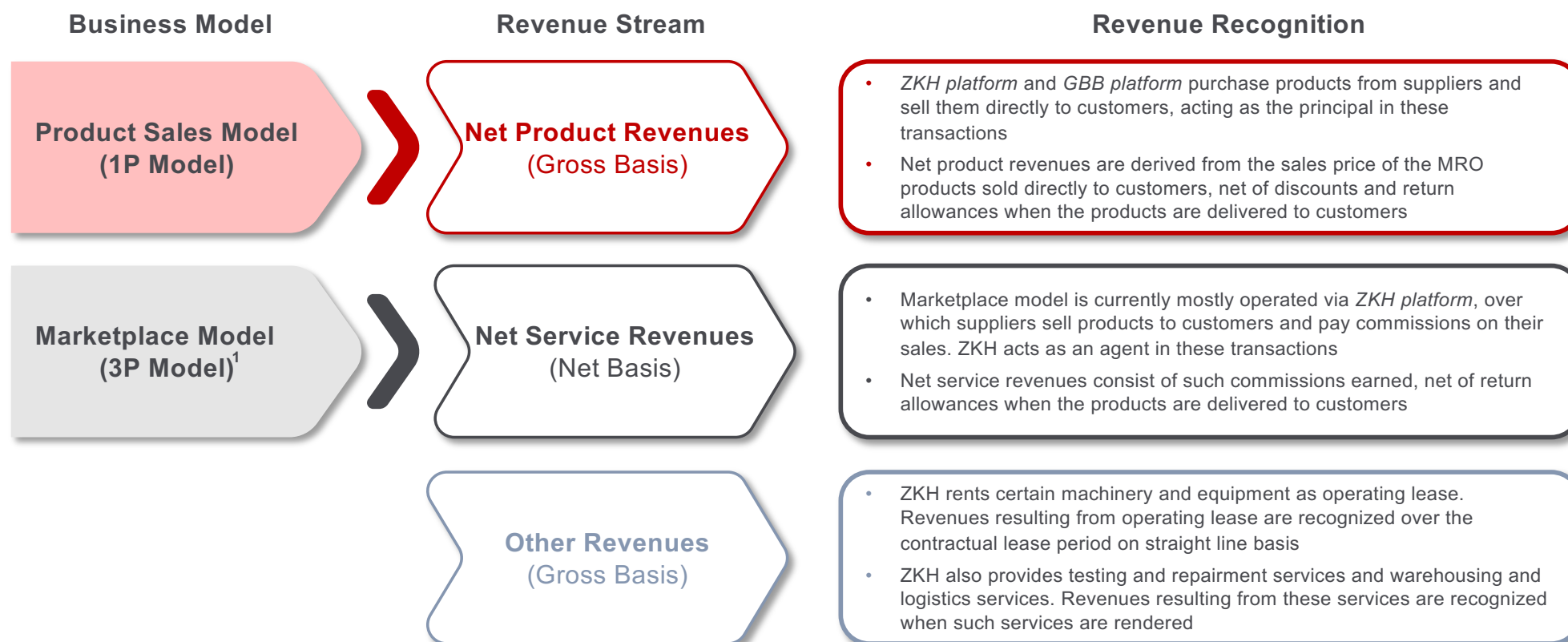
**Announced a US\$50.0 million share repurchase program and will continue to execute from time to time on the open market at prevailing market prices**



**02**

## **2Q2024 Financial Results**

# Sources of Revenues



*Note:*  
Net service revenues in 2020, 2021, 2022 and 2023 are mostly generated via ZKH Platform.

# GMV and Revenue Growth

## GMV

(RMB mm)

By Platform:

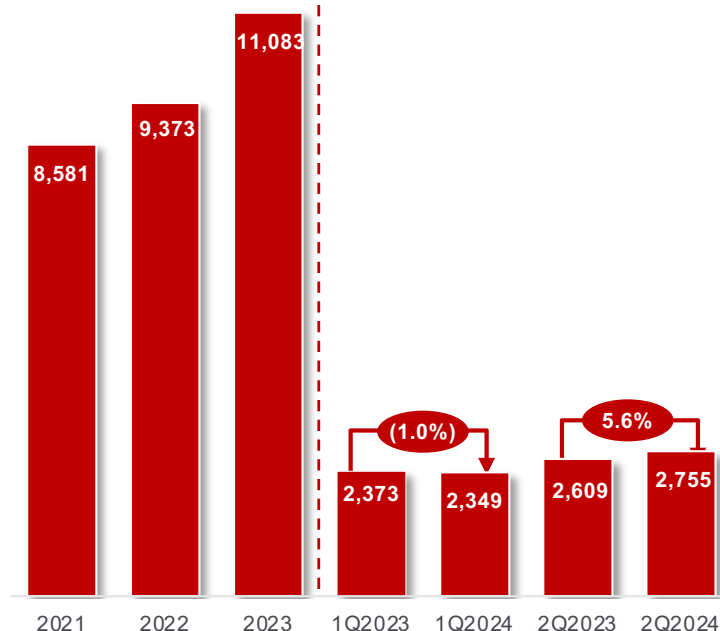
ZKH Platform %<sup>1</sup> 88.6% 91.4% 91.2% 93.1% 91.0% 91.1% 90.0%

GBB Platform %<sup>1</sup> 11.4% 8.6% 8.8% 6.9% 9.0% 8.9% 10.0%

By Business Model:

1P %<sup>2</sup> 89.3% 84.6% 75.2% 77.5% 75.6% 76.5% 79.3%

3P %<sup>2</sup> 10.7% 15.4% 24.8% 22.5% 24.4% 23.5% 20.7%



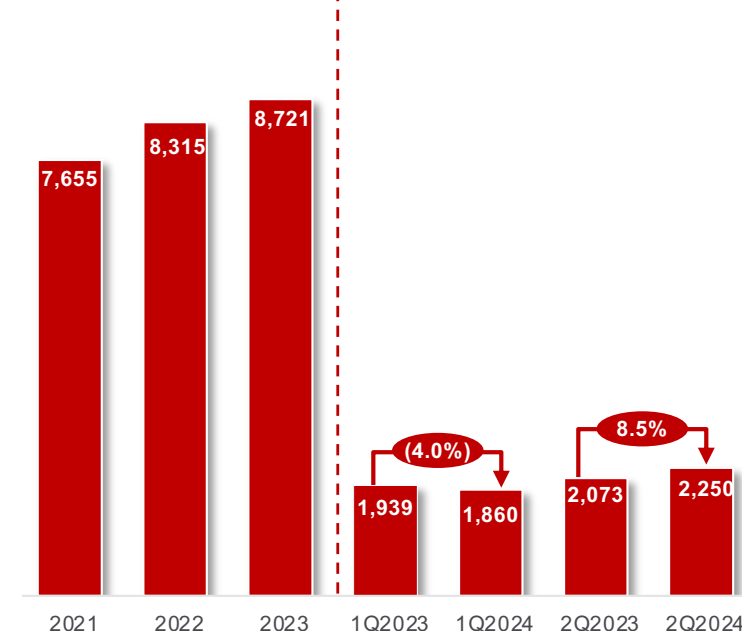
## Net Revenues

(RMB mm)

Net Product Revenues %<sup>3</sup> 98.0% 97.3% 95.6% 96.3% 95.4% 95.8% 96.2%

Net Service Revenues %<sup>3,4</sup> 1.5% 2.2% 3.5% 3.0% 3.6% 3.4% 3.1%

Other Revenues %<sup>3</sup> 0.5% 0.6% 0.8% 0.7% 1.0% 0.8% 0.8%



Notes:

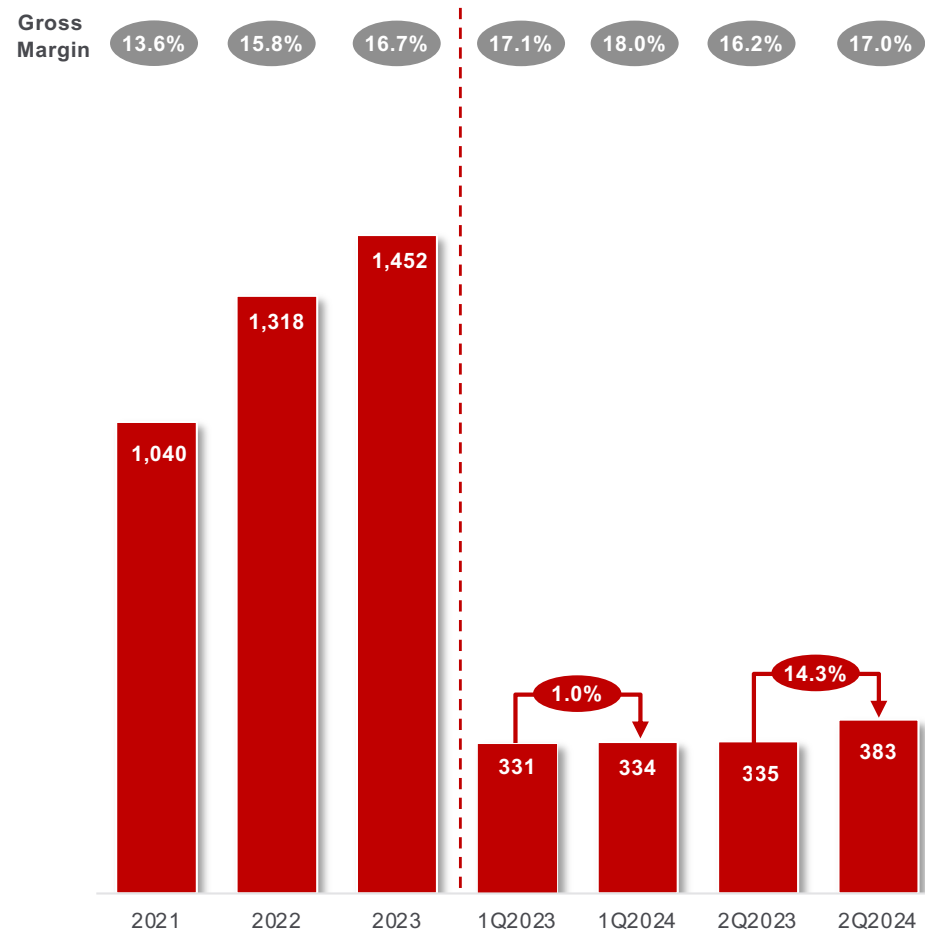
1. Denotes the GMV from ZKH platform as percentage of total GMV, and the GMV from GBB platform as percentage of total GMV, respectively.
2. Denotes the GMV from product sales model as percentage of total GMV, and the GMV from marketplace model as percentage of total GMV, respectively.
3. Denotes the revenue from net product as percentage of total revenue, the revenue from net service as percentage of total revenue, and the revenue from the others as percentage of total revenue, respectively.
4. Net service revenues under the marketplace model are recognized on a net basis. Therefore, a higher proportion of GMV generated by the marketplace model tends to increase the difference in growth rate between GMV and net revenues.



# Gross Profit and Gross Margin

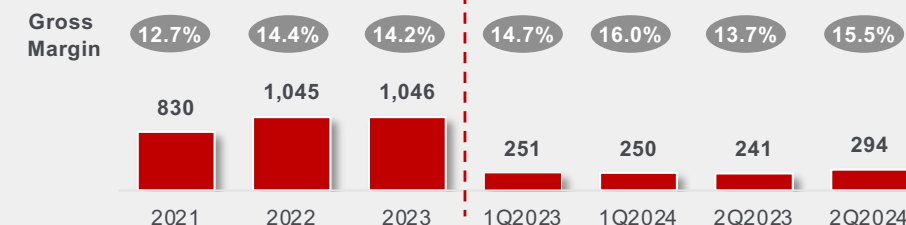
## Gross Profit and Gross Margin<sup>1</sup>

(RMB mm)



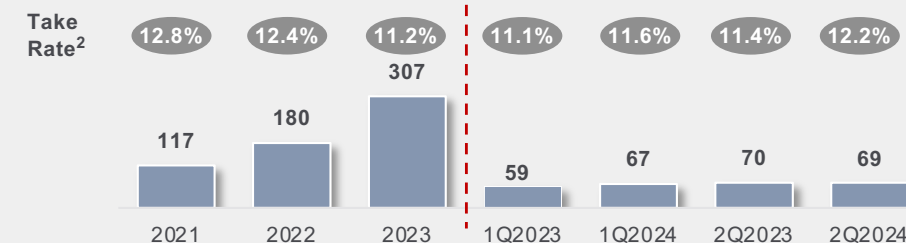
## ZKH Platform – Product Sales (1P)

(RMB mm)



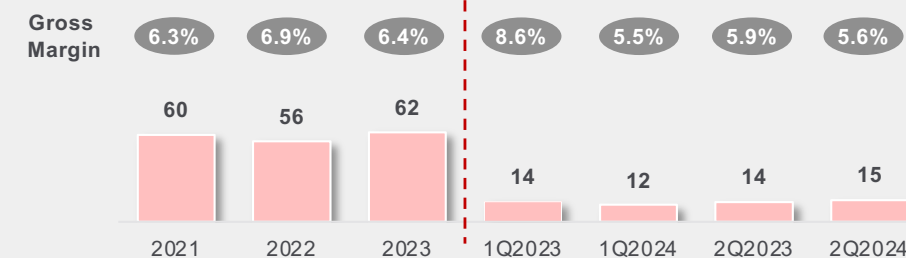
## ZKH Platform – Marketplace (3P)

(RMB mm)



## GBB Platform

(RMB mm)



Notes:

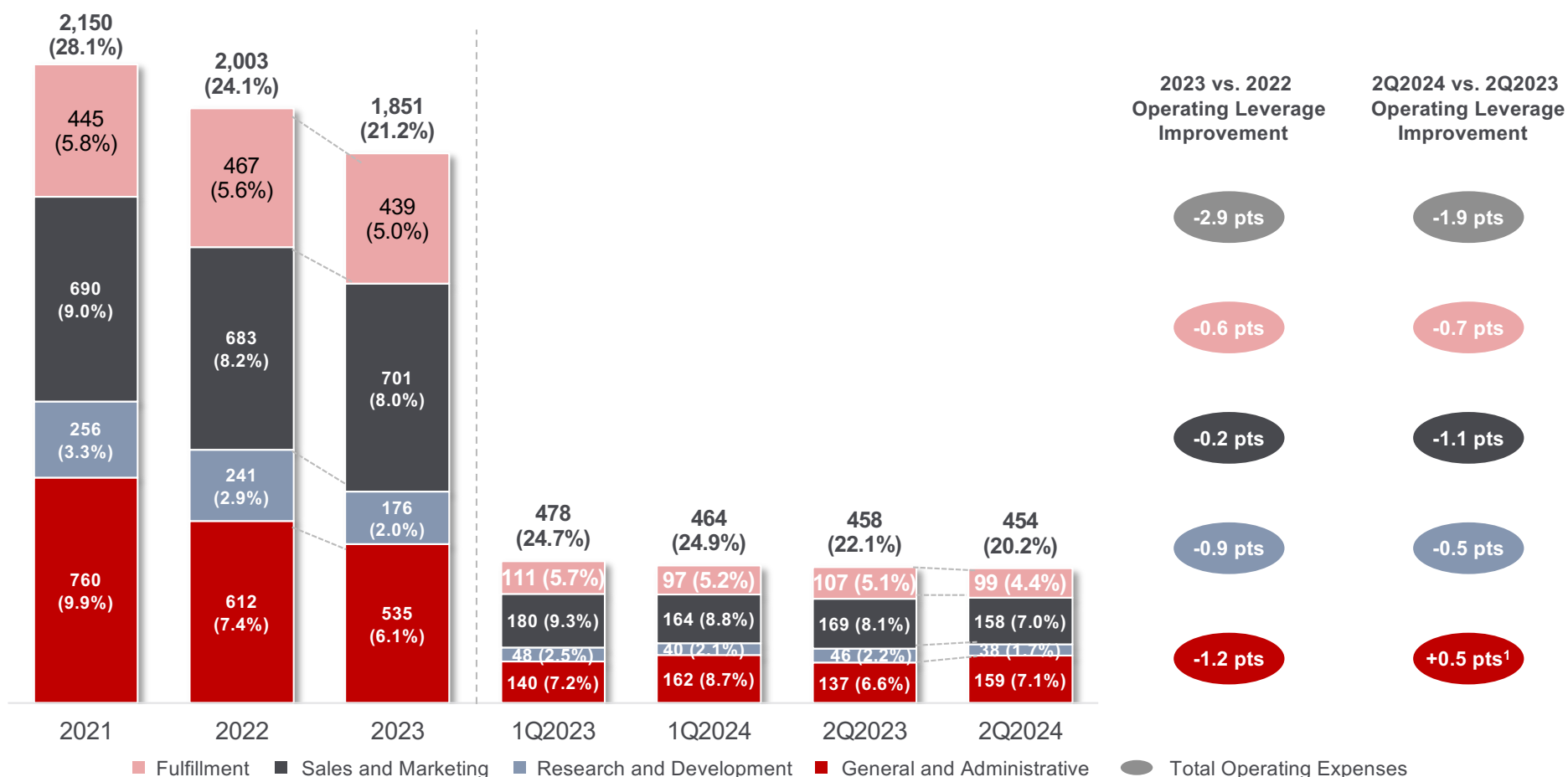
1. Gross profit = total net revenues – cost of revenues; gross margin is defined as gross profit divided by total net revenues.

2. Take rate of marketplace model = gross profit from marketplace model divided by GMV from marketplace model.

# Operating Leverage

## Operating Expenses

(RMB mm, as % of Total Net Revenues)



Note:

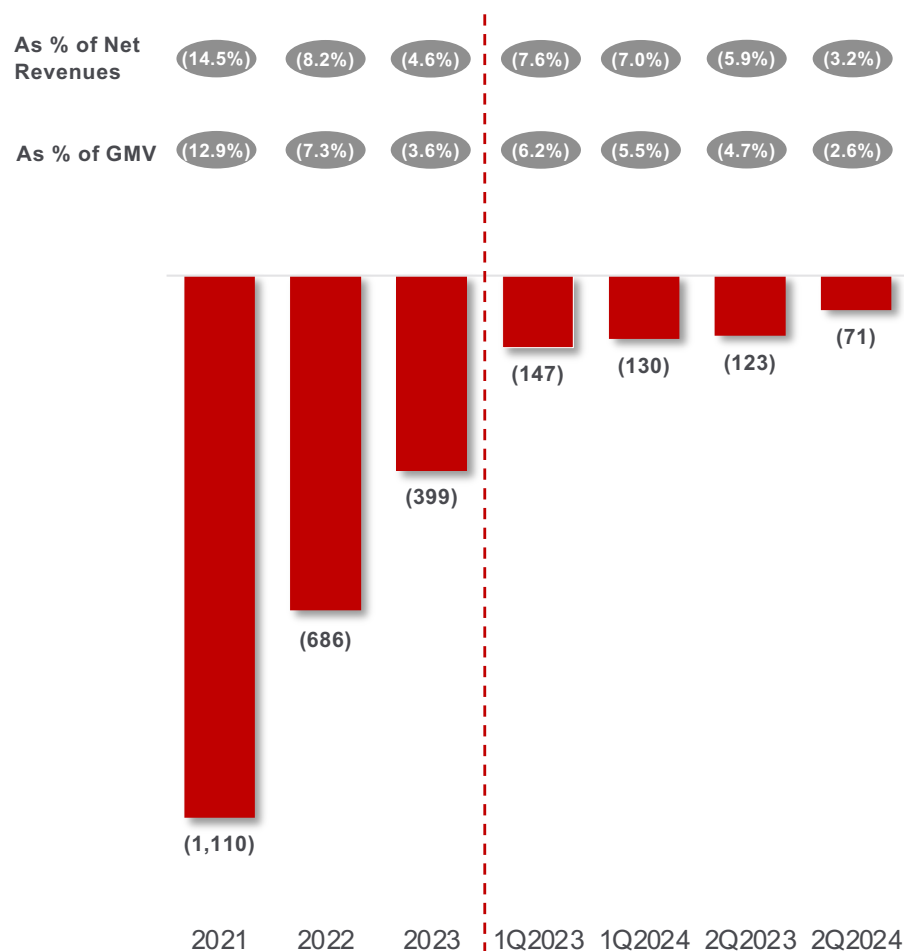
pts denotes percentage points.

1. The increase mainly due to the increase in share-based compensation expenses

# Path to Profitability

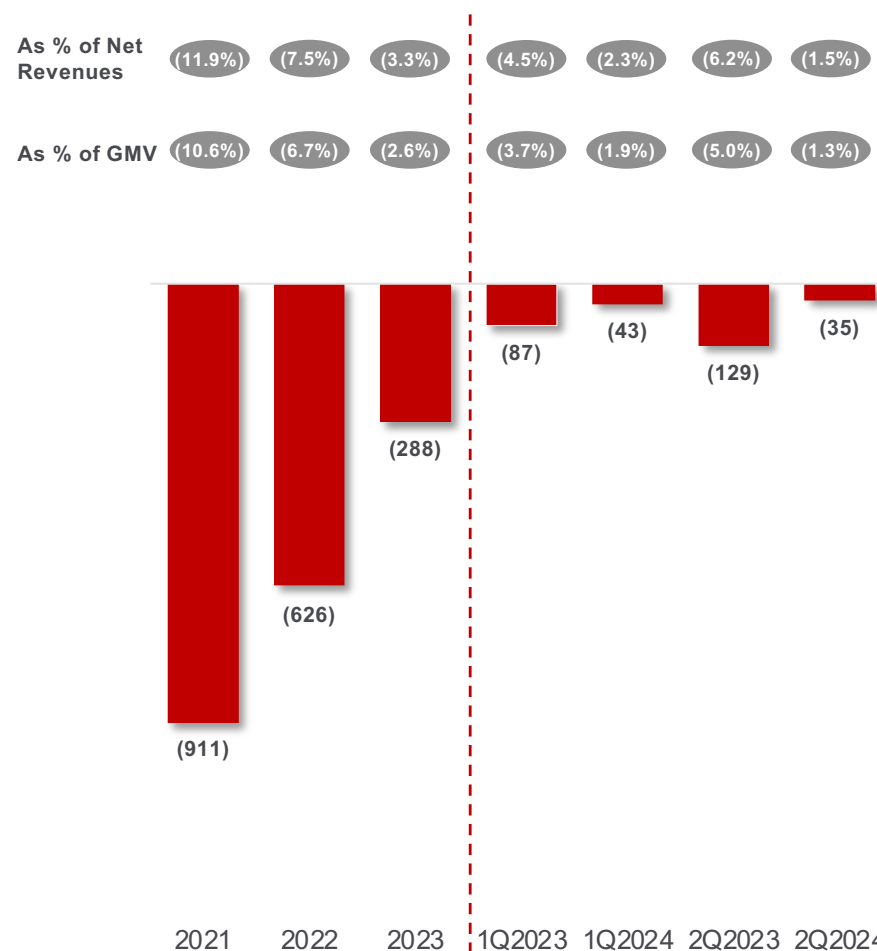
## Operating Loss

(RMB mm)



## Adjusted Net Loss<sup>1</sup>

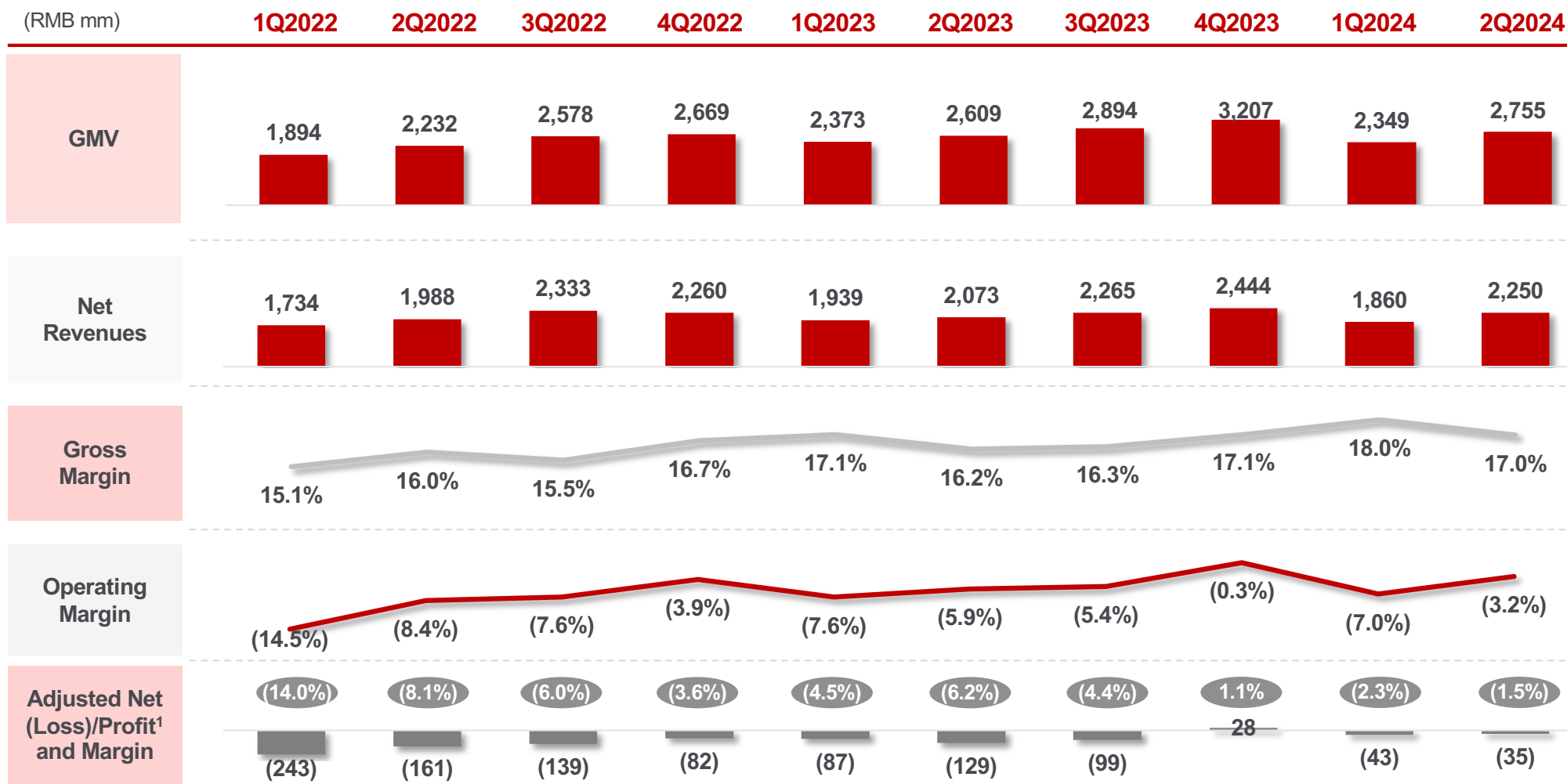
(RMB mm)



Note:  
Adjusted net loss= net loss + share-based compensation expenses + interest expense due to the issuance of Series F Convertible Notes.

# Quarterly Performance

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Note:

Adjusted net (loss)/profit = net (loss)/profit + share-based compensation expenses + interest expense due to the issuance of Series F Convertible Notes.

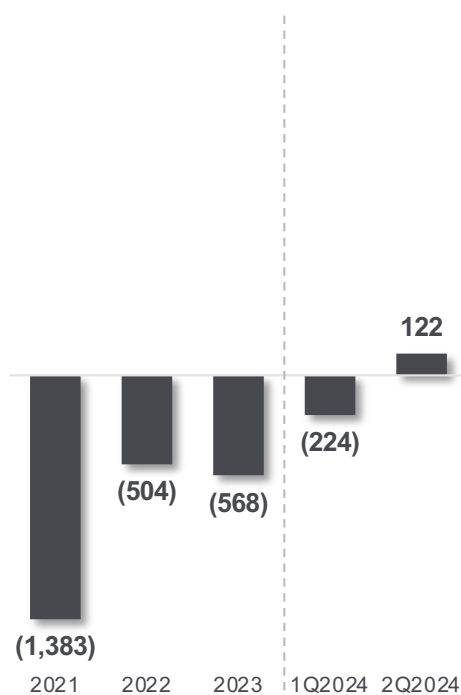


# Cashflows



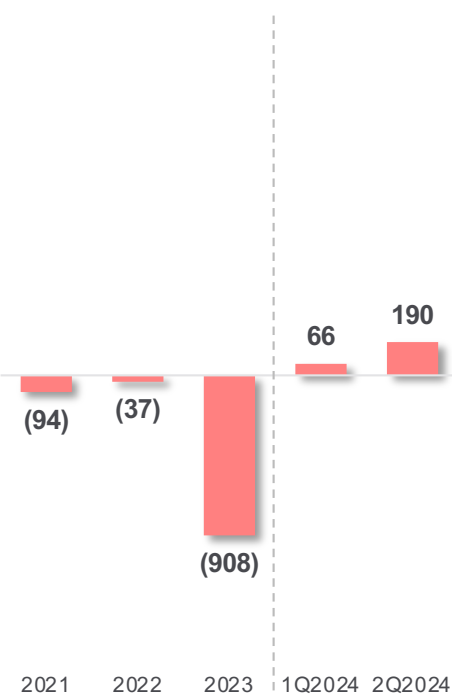
## Net Cash (Used in)/Provided by Operating Activities

(RMB mm)



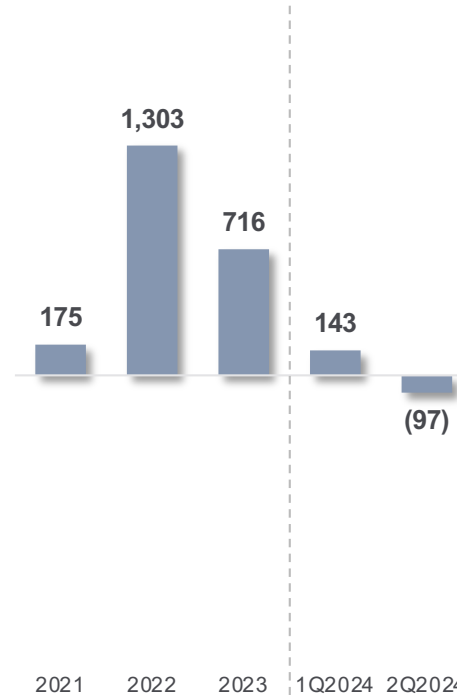
## Net Cash (Used in)/Provided by Investing Activities

(RMB mm)



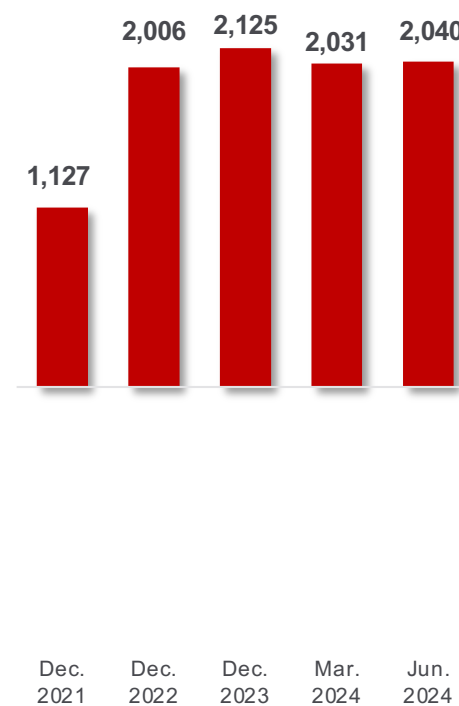
## Net Cash Provided by/(Used in) Financing Activities

(RMB mm)



## Cash and Cash Equivalents, Restricted Cash and Short-Term Investments

(RMB mm)



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## Appendix

# Unaudited Condensed Consolidated Statement of Comprehensive Income (Loss)



(All amounts in thousands)

	For the three months ended June 30,			For the six months ended June 30,		
	2023	2024		2023	2024	
	RMB	RMB	USD	RMB	RMB	USD
<b>Net revenues</b>	<b>2,073,453</b>	<b>2,249,996</b>	<b>309,610</b>	<b>4,012,213</b>	<b>4,110,405</b>	<b>565,611</b>
Net product revenues	1,986,555	2,163,721	297,738	3,853,214	3,938,740	541,989
Net service revenues	69,865	69,161	9,517	128,933	135,815	18,689
Other revenues	17,033	17,114	2,355	30,066	35,850	4,933
Cost of revenues	(1,738,382)	(1,867,005)	(256,908)	(3,346,344)	(3,393,338)	(466,939)
<b>Operating expenses</b>						
Fulfillment expenses	(106,674)	(99,097)	(13,636)	(217,582)	(196,445)	(27,032)
Sales and marketing expenses	(168,620)	(157,689)	(21,699)	(348,496)	(321,802)	(44,281)
Research and development expenses	(45,977)	(38,431)	(5,288)	(93,718)	(78,267)	(10,770)
General and administrative expenses	(136,893)	(158,987)	(21,877)	(276,584)	(321,380)	(44,223)
<b>Loss from operations</b>	<b>(123,093)</b>	<b>(71,213)</b>	<b>(9,798)</b>	<b>(270,511)</b>	<b>(200,827)</b>	<b>(27,634)</b>
<b>Net loss</b>	<b>(129,580)</b>	<b>(66,289)</b>	<b>(9,120)</b>	<b>(227,443)</b>	<b>(157,190)</b>	<b>(21,630)</b>
<b>Net loss attributable to ZKH Group Limited</b>	<b>(129,540)</b>	<b>(66,289)</b>	<b>(9,120)</b>	<b>(227,488)</b>	<b>(157,190)</b>	<b>(21,630)</b>
<b>Net loss attributable to ZKH Group Limited's ordinary shareholders</b>	<b>(548,965)</b>	<b>(66,289)</b>	<b>(9,120)</b>	<b>(703,291)</b>	<b>(157,190)</b>	<b>(21,630)</b>

# Reconciliation of GAAP and Non-GAAP Results



(All amounts in thousands)

	For the three months ended June 30,			For the six months ended June 30,		
	2023	2024		2023	2024	
	RMB	RMB	USD	RMB	RMB	USD
<b>Net loss</b>	<b>(129,580)</b>	<b>(66,289)</b>	<b>(9,120)</b>	<b>(227,443)</b>	<b>(157,190)</b>	<b>(21,630)</b>
<b>Add:</b>						
Income tax expenses	49	66	9	181	154	12
Interest expenses	4,507	5,522	760	7,600	11,217	1,544
Depreciation and amortization expenses	17,173	13,633	1,876	40,586	28,703	3,950
<b>Non-GAAP EBITDA</b>	<b>(107,851)</b>	<b>(47,068)</b>	<b>(6,475)</b>	<b>(179,076)</b>	<b>(117,116)</b>	<b>(16,124)</b>
<b>Net loss</b>	<b>(129,580)</b>	<b>(66,289)</b>	<b>(9,120)</b>	<b>(227,443)</b>	<b>(157,190)</b>	<b>(21,630)</b>
<b>Add:</b>						
Share-based compensation expenses	82	31,432	4,325	11,072	78,874	10,853
<b>Non-GAAP adjusted net loss</b>	<b>(129,498)</b>	<b>(34,857)</b>	<b>(4,796)</b>	<b>(216,371)</b>	<b>(78,316)</b>	<b>(10,777)</b>



# Unaudited Condensed Consolidated Balance Sheet



(All amounts in thousands)

	As of Dec 31, 2023	As of June 30, 2024	
	RMB	RMB	USD
<b>Assets</b>			
Cash and cash equivalents	1,090,621	1,308,972	180,121
Restricted cash	159,751	150,305	20,683
Short-term investments	874,210	581,203	79,976
Accounts receivable (net of allowance for credit losses of RMB107,032 and RMB127,007 as of December 31, 2023 and June 30, 2024, respectively)	3,639,794	3,398,738	467,682
Notes receivable	352,997	274,726	37,804
Inventories	668,984	672,534	92,544
Prepayments and other current assets	168,117	182,692	25,138
<b>Total current assets</b>	<b>6,954,474</b>	<b>6,569,170</b>	<b>903,948</b>
Property and equipment, net	145,288	173,586	23,886
Land use right	11,033	10,920	1,503
Operating lease right-of-use assets, net	224,930	196,811	27,082
Intangible assets, net	20,096	17,918	2,466
Goodwill	30,807	30,807	4,239
<b>Total non-current assets</b>	<b>432,154</b>	<b>430,042</b>	<b>59,176</b>
<b>Total assets</b>	<b>7,386,628</b>	<b>6,999,212</b>	<b>963,124</b>

# Unaudited Condensed Consolidated Balance Sheet (Continued)



(All amounts in thousands)

	As of Dec 31, 2023	As of June 30, 2024	
	RMB	RMB	USD
<b>Liabilities</b>			
Short-term borrowings	585,000	591,000	81,324
Accounts and notes payable	2,883,370	2,599,001	357,634
Operating lease liabilities	91,230	86,940	11,963
Advance from customers	19,907	19,095	2,628
Accrued expenses and other current liabilities	448,225	362,294	49,854
<b>Total current assets</b>	<b>4,027,732</b>	<b>3,658,330</b>	<b>503,403</b>
Long-term borrowings	-	19,813	2,726
Non-current operating lease liabilities	146,970	122,024	16,791
Other non-current liabilities	507	441	61
<b>Total non-current liabilities</b>	<b>147,477</b>	<b>142,278</b>	<b>19,578</b>
<b>Total liabilities</b>	<b>4,175,209</b>	<b>3,800,608</b>	<b>522,981</b>
<b>Total shareholders' equity</b>	<b>3,211,419</b>	<b>3,198,604</b>	<b>440,143</b>
<b>Total liabilities and shareholders' deficit</b>	<b>7,386,628</b>	<b>6,999,212</b>	<b>963,124</b>

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