



**ZKH 震坤行**

NYSE: ZKH

1Q2024 Earnings Presentation

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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 at December 31, 2023

**01**

# 1Q2024 Highlights

# 1Q2024 Highlights

## Driving Strategy Forward Through Focused Execution

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



**Commenced operation on our first smart and automated warehousing facilities for the fasteners product line to elevate warehousing and fulfillment efficiencies**



**Continued to streamline organizational structure and enhance operating efficiencies with increase in employee productivity**



**Remained focused on delivering superior customer experience to maintain robust purchasing activities on our platforms**



**Delivered another quarter of profitability improvement**

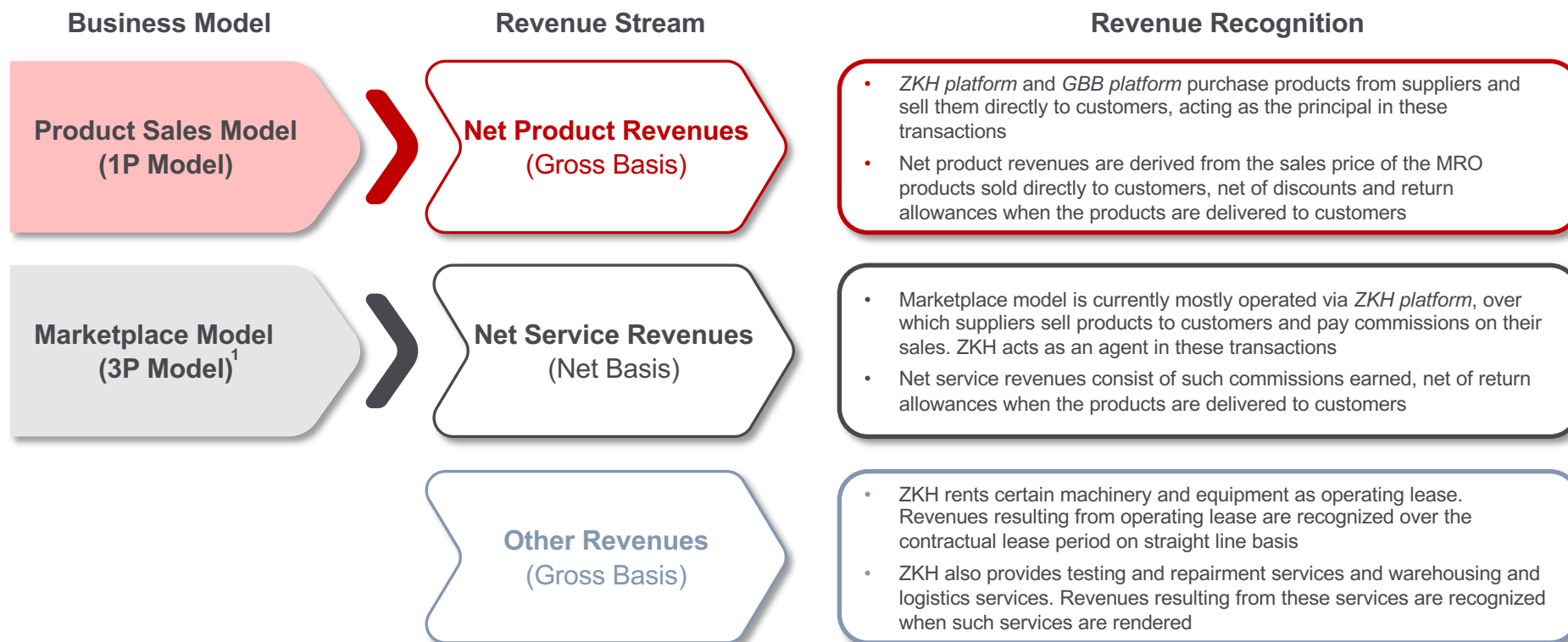
- ❑ Gross margin increased by 89 basis points (from 17.1% to 18.0%) year over year, with an uptick in both the product sales model (1P) margin and the marketplace model (3p) take-rate of the *ZKH platform*
- ❑ Adjusted net loss narrowed by RMB43.4million (from RMB86.9 million to RMB43.5 million), representing an adjusted net loss margin improvement of 214.5basis points (from -4.5% to -2.3%) year over year



**02**

## **1Q2024 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:

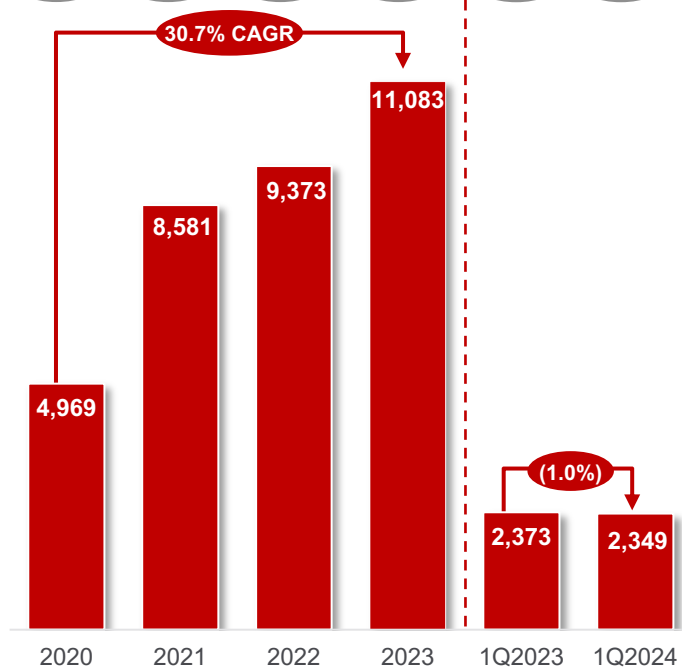
ZKH Platform %<sup>1</sup> 88.3% 88.6% 91.4% 91.2% 93.1% 91.0%

GBB Platform %<sup>1</sup> 11.7% 11.4% 8.6% 8.8% 6.9% 9.0%

By Business Model:

1P %<sup>2</sup> 93.9% 89.3% 84.6% 75.2% 77.5% 75.6%

3P %<sup>2</sup> 6.1% 10.7% 15.4% 24.8% 22.5% 24.4%



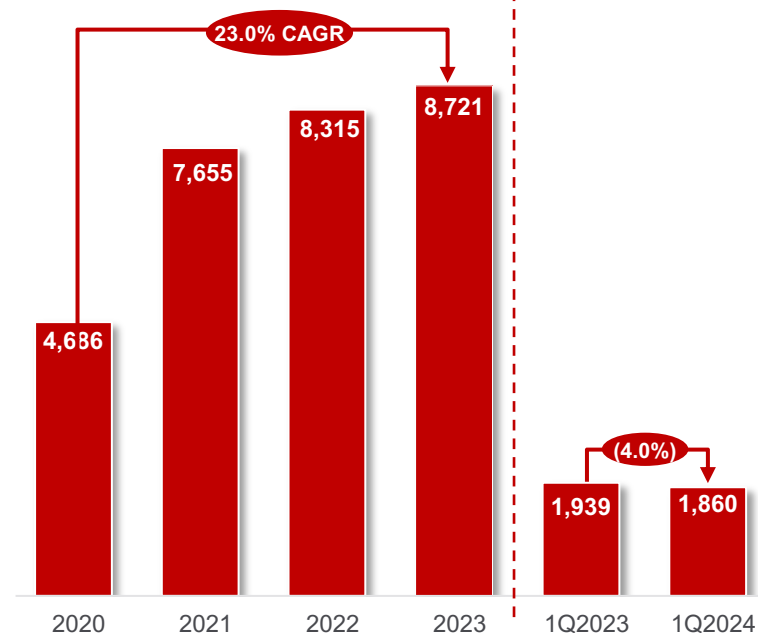
## Net Revenues

(RMB mm)

Net Product Revenues %<sup>3</sup> 98.6% 98.0% 97.3% 95.6% 96.3% 95.4%

Net Service Revenues %<sup>3,4</sup> 0.9% 1.5% 2.2% 3.5% 3.0% 3.6%

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



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.

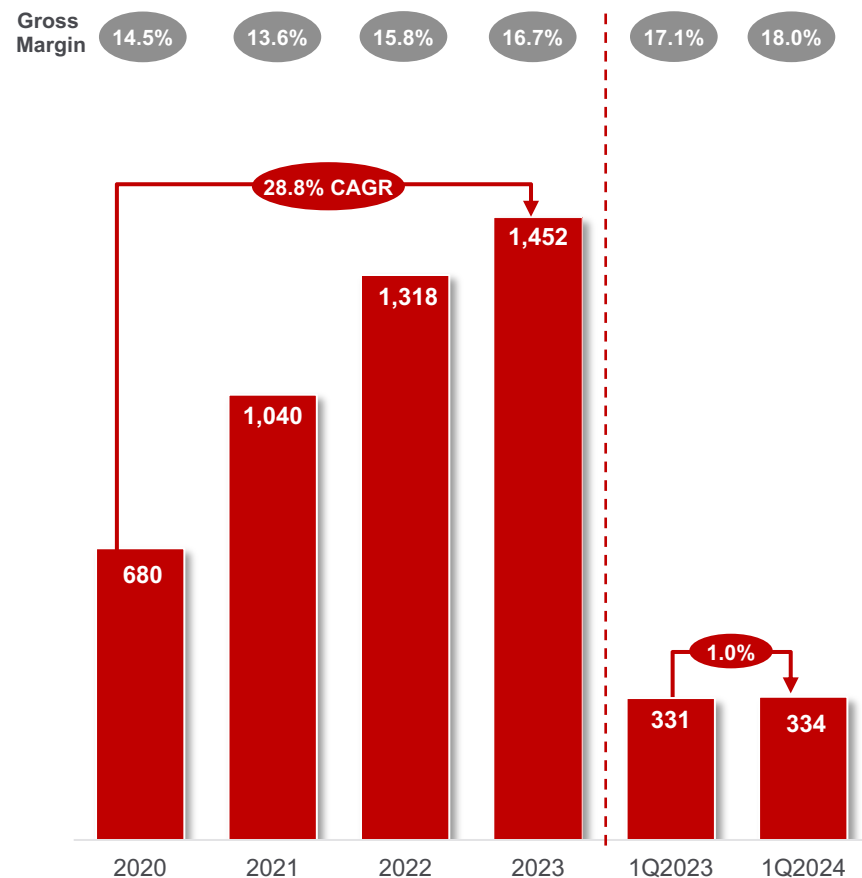
4. Net service revenues under the marketplace model are recognized on a net basis. Therefore, a higher proportion of GMV generated by the marketplace model tends to increase the difference in growth rate between GMV and net revenues.



# Gross Profit and Gross Margin

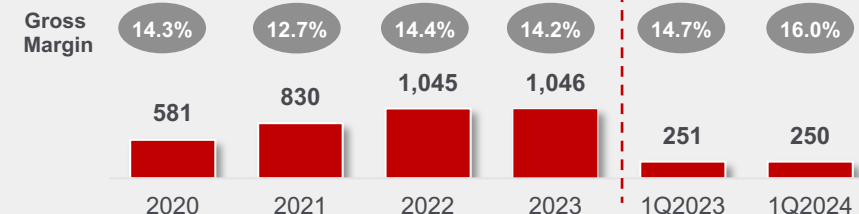
## Gross Profit and Gross Margin<sup>1</sup>

(RMB mm)



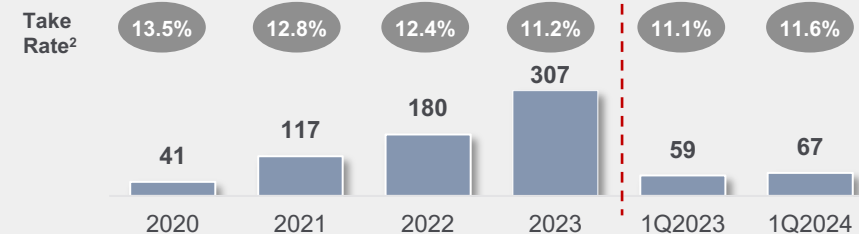
## ZKH Platform – Product Sales (1P)

(RMB mm)



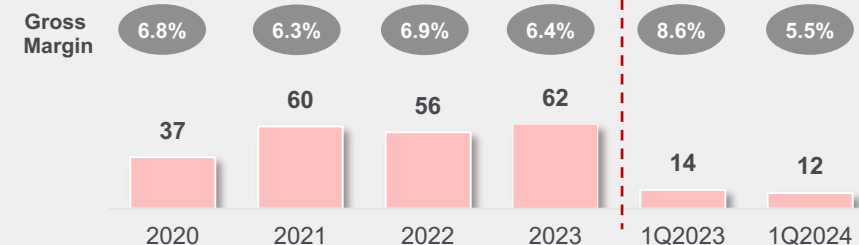
## ZKH Platform – Marketplace (3P)

(RMB mm)



## GBB Platform

(RMB mm)



Notes:

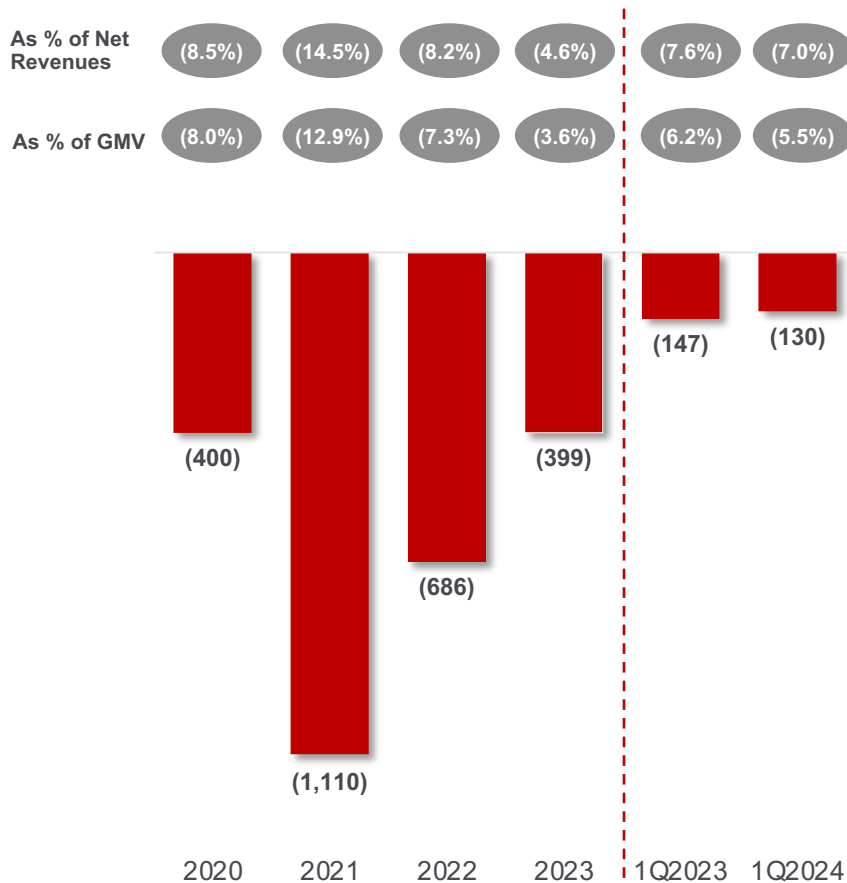
1. Gross profit = total net revenues – cost of revenues; gross margin is defined as gross profit divided by total net revenues.

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

# Path to Profitability

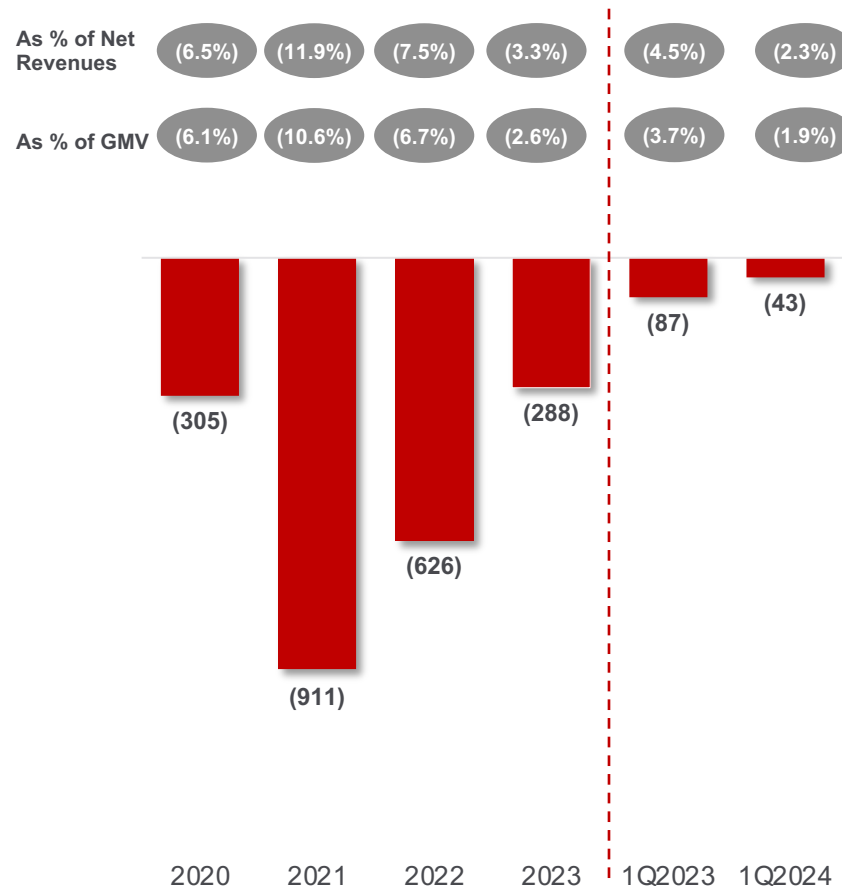
## Operating Loss

(RMB mm)



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

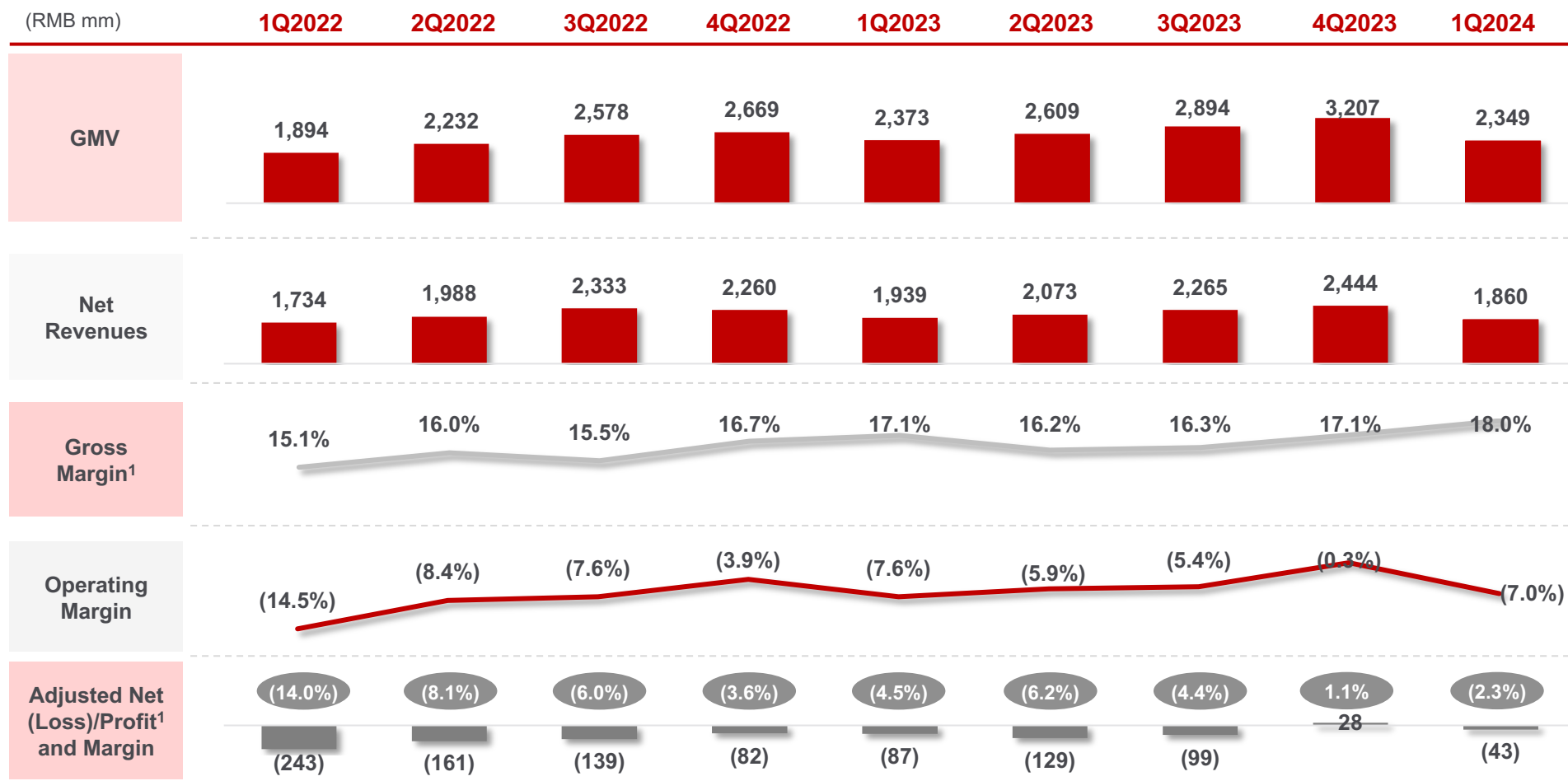
(RMB mm)



Note:

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

# Quarterly Performance



Note:

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

# **03**

## **Appendix**

# Unaudited Condensed Consolidated Statement of Comprehensive Income (Loss)



(All amounts in thousands)

	For the three months ended Mar 31,		
	2023	2024	
	RMB	RMB	USD
<b>Net revenues</b>	<b>1,938,760</b>	<b>1,860,409</b>	<b>257,663</b>
Net product revenues	1,866,659	1,775,019	245,837
Net service revenues	59,068	66,654	9,231
Other revenues	13,033	18,736	2,595
Cost of revenues	(1,607,962)	(1,526,333)	(211,395)
<b>Operating expenses</b>			
Fulfillment expenses	(110,908)	(97,348)	(13,483)
Sales and marketing expenses	(179,876)	(164,113)	(22,729)
Research and development expenses	(47,741)	(39,836)	(5,517)
General and administrative expenses	(139,691)	(162,393)	(22,491)
<b>Loss from operations</b>	<b>(147,418)</b>	<b>(129,614)</b>	<b>(17,952)</b>
<b>Net loss</b>	<b>(97,863)</b>	<b>(90,901)</b>	<b>(12,591)</b>
<b>Net loss attributable to ZKH Group Limited</b>	<b>(97,948)</b>	<b>(90,901)</b>	<b>(12,591)</b>
<b>Net loss attributable to ZKH Group Limited's ordinary shareholders</b>	<b>(154,326)</b>	<b>(90,901)</b>	<b>(12,591)</b>



# Reconciliation of GAAP and Non-GAAP Results



(All amounts in thousands)

	For the three months ended Mar 31,		
	2023	2024	
	RMB	RMB	USD
<b>Net loss</b>	<b>(97,863)</b>	<b>(90,901)</b>	<b>(12,591)</b>
<b>Add:</b>			
Income tax expenses	132	88	12
Interest expenses	3,093	5,695	789
Depreciation and amortization expenses	23,413	15,070	2,087
<b>Non-GAAP EBITDA</b>	<b>(71,225)</b>	<b>(70,048)</b>	<b>(9,703)</b>
<b>Net loss</b>	<b>(97,863)</b>	<b>(90,901)</b>	<b>(12,591)</b>
<b>Add:</b>			
Share-based compensation expenses	10,990	47,442	6,571
<b>Non-GAAP adjusted net loss</b>	<b>(86,873)</b>	<b>(43,459)</b>	<b>(6,020)</b>

# Unaudited Condensed Consolidated Balance Sheet



(All amounts in thousands)

	As of Dec 31, 2023	As of Mar 31, 2024	
	RMB	RMB	USD
<b>Assets</b>			
Cash and cash equivalents	1,090,621	1,095,500	151,725
Restricted cash	159,751	146,178	20,245
Short-term investments	874,210	789,682	109,370
Accounts receivable (net of allowance for credit losses of RMB107,032 and RMB110,978 as of December 31, 2023 and March 31, 2024, respectively)	3,639,794	3,191,637	442,037
Notes receivable	352,997	441,014	61,080
Inventories	668,984	681,557	94,395
Prepayments and other current assets	168,117	169,831	23,521
<b>Total current assets</b>	<b>6,954,474</b>	<b>6,515,399</b>	<b>902,373</b>
Property and equipment, net	145,288	158,184	21,908
Land use right	11,033	10,976	1,520
Operating lease right-of-use assets, net	224,930	200,637	27,788
Intangible assets, net	20,096	18,238	2,526
Goodwill	30,807	30,807	4,267
<b>Total non-current assets</b>	<b>432,154</b>	<b>418,842</b>	<b>58,009</b>
<b>Total assets</b>	<b>7,386,628</b>	<b>6,934,241</b>	<b>960,382</b>

# Unaudited Condensed Consolidated Balance Sheet (Continued)



(All amounts in thousands)

	As of Dec 31, 2023	As of Mar 31, 2024	
	RMB	RMB	USD
<b>Liabilities</b>			
Short-term borrowings	585,000	701,000	97,087
Accounts and notes payable	2,883,370	2,353,758	325,992
Operating lease liabilities	91,230	83,005	11,496
Advance from customers	19,907	29,661	4,108
Accrued expenses and other current liabilities	448,225	418,816	58,005
<b>Total current assets</b>	<b>4,027,732</b>	<b>3,586,240</b>	<b>496,688</b>
Non-current operating lease liabilities	146,970	129,680	17,960
Other non-current liabilities	507	473	67
<b>Total non-current liabilities</b>	<b>147,477</b>	<b>130,153</b>	<b>18,027</b>
<b>Total liabilities</b>	<b>4,175,209</b>	<b>3,716,393</b>	<b>514,715</b>
<b>Total shareholders' equity</b>	<b>3,211,419</b>	<b>3,217,848</b>	<b>445,667</b>
<b>Total liabilities and shareholders' deficit</b>	<b>7,386,628</b>	<b>6,934,241</b>	<b>960,382</b>

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