



ZKH 震坤行

NYSE: ZKH

4Q2023 and Fiscal-Year 2023
Earnings Presentation

Disclaimer

The following document has been prepared by ZKH GROUP LIMITED (“ZKH” or the “Company”) solely for informational purposes and should not be construed to be, directly or indirectly, in whole or in part, an offer to buy or sell and/or an invitation and/or a recommendation and/or a solicitation of an offer to buy or sell any security or instrument or to participate in any investment or trading strategy, nor shall any part of it form the basis of, or be relied on in connection with, any contract or investment decision in relation to any securities or otherwise. This document does not contain all relevant information relating to the Company or its securities, particularly with respect to the risks and special considerations involved with an investment in the securities of the Company. Nothing contained in this document shall be relied upon as a promise or representation as to the past or future performance of the Company. Past performance does not guarantee or predict future performance. You acknowledge that any assessment of the Company that may be made by you will be independent of this document and that you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the business of the Company.

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 at December 31, 2023

01

Business Overview

Our Mission

Transparency and efficiency,
for better commerce

Our Vision

To be a world leading industrial
supplies company offering superior
customer value

What We Do?

MRO: Maintenance, Repair, and Operations

Spare Parts



Bearing

...



Pneumatics &
Hydraulics

Chemicals



Lubricants

...



Chemical
Reagents

Manufacturing Parts



Fasteners

...



Cutting
Tools

General Consumables



PPE

...



Hardware &
Hand Tools

Office Supplies



Office
Supplies

...



Furniture

Dual-Platform Model to Serve Varied Customer Needs



ZKH 震坤行 (ZKH Platform)

Customers Type

Large to mid-size enterprise customers with highly complex operations and procurement processes

Value Proposition

Compelling high-touch and value-added MRO procurement and management services delivered through our team of specialists and digital experiences

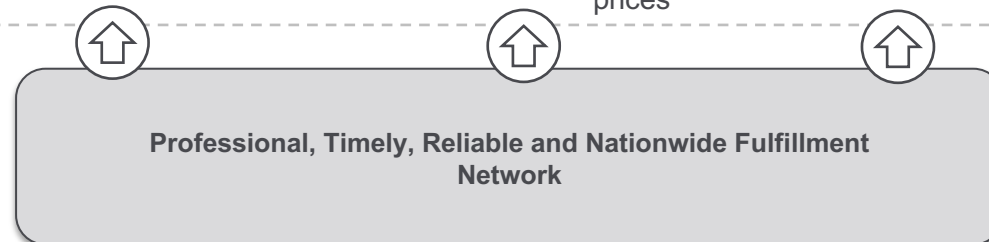
邦 工邦邦 (GBB Platform)

Customers Type

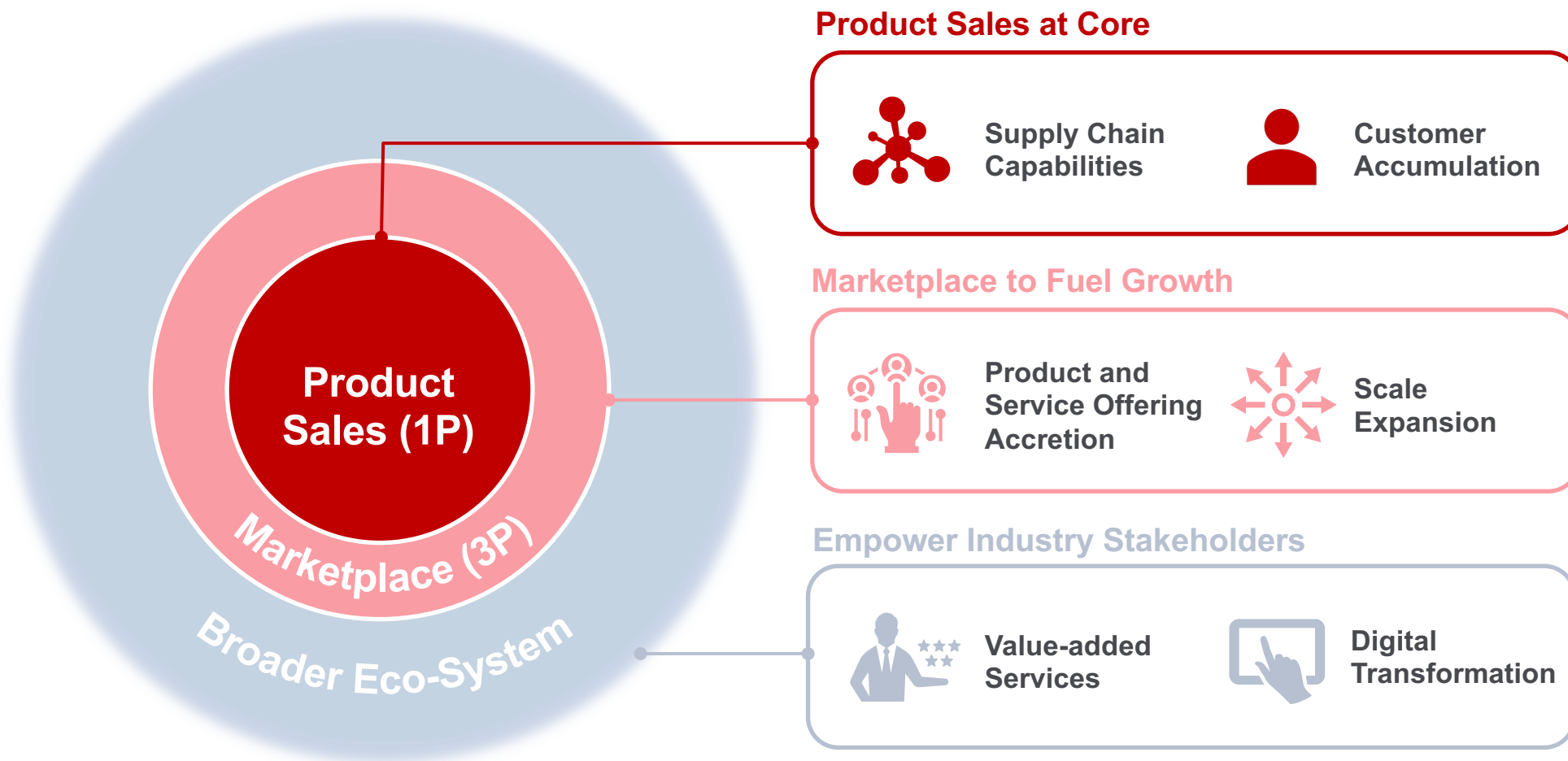
Micro businesses with less complex operations and procurement processes and who are willing to use cash settlement

Value Proposition

One-stop MRO procurement experiences through a streamlined and online relationship that provides access to broad and readily available products at competitive prices



Dual Business Model to Scale Up Business



2023 Business Highlights

Continued to **invest, refine and optimize operations for long-term growth**

Invested and Strengthened Our Advantages in:



Digitalization and Artificial Intelligence Capabilities by integrating our industry know-how, data assets, and IT talents



Product Capabilities through product category expansion and product line extension



Client Coverage and Servicing Capabilities by optimizing sales team's structure

% of GMV From Digital Footprint¹

68%

Employees Productivity²

↑39%

% of GMV From Private-Label Products

4.9%

% of SKU Orders Fulfilled with In-stock Goods³

78%

Number of Customers

66,500+
Increased by
8,500+

Top Customers Retention⁴

97%

Notes:

1. Our Digital Footprint is a combination of our sales through digital closed-loop interfaces, website, app and ECM vending machines.
2. Employees Productivity=Total GMV/ Effective Full-time Employees, Effective Full-time Employees=Total Days Worked by Full Time Employees/Number of Working Days (for this purpose, any day is a working day other than a Saturday or Sunday)
3. In December 2023
4. Approximately 97% of our top 500 customers in terms of GMV in 2022 transacted with us in 2023.

2023 Financial Highlights

Solid and Resilient Financial Performance



**Reaccelerated
Business Growth
with Margin
Improvement**

18.2%

GMV Growth¹

Versus 9.2% in 2022

24.8%

Marketplace Model (3P)
Contribution²

Fast expansion of 3P model
to fuel growth in a cost-
effective way

10.2%

Gross Profit
Expansion¹

Continued to improve pricing and procurement
cost and to optimize mix of products and
business models

+81bps

Gross Margin¹



**Profitability
Continued to
Strengthen**

-287bps

Operating Expense as %
of Revenue¹

Achieved the seventh consecutive quarter of
year-over-year improvement since 2Q2022

+423bps

Adjusted Net Margin¹

Adj. Net Loss Narrowed by

RMB339mm

2023 vs. 2022

Achieved

Profit-making³

in 4Q2023

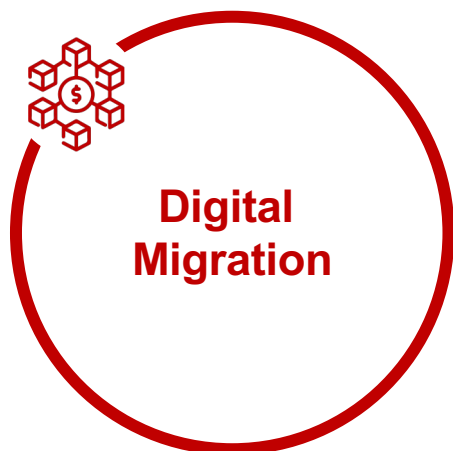
Notes: bps denotes percentage points.

1. 2023 vs. 2022.

2. In 2023

3. Non-GAAP adjusted net profit was RMB27.5 million (US\$3.9 million) for the fourth quarter of 2023

Long-term Growth Drivers



- Trillion-RMB MRO market in China
- Growing needs for efficiency, transparency, and cost reduction



- Enhance scale and capabilities
- Optimize inventory and fulfillment efficiency



- Indispensable needs for one-stop solution
- Private-labeled products to drive value-for-money and higher margin

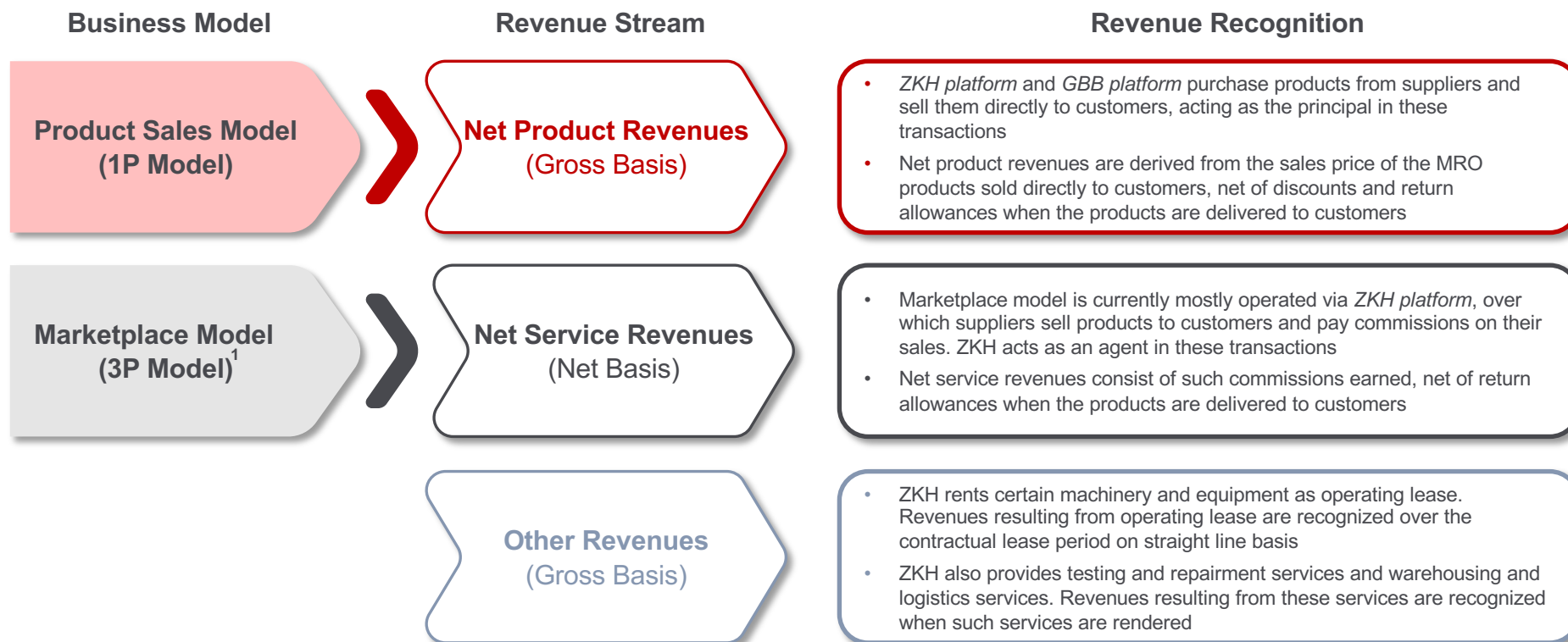


- Broad coverage of different types of customers
- Overseas expansion and supply chain services

02

4Q2023 and FY2023 Financial Results

Sources of Revenues



Note:

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

GMV and Revenue Growth

GMV

(RMB mm)

By Platform:

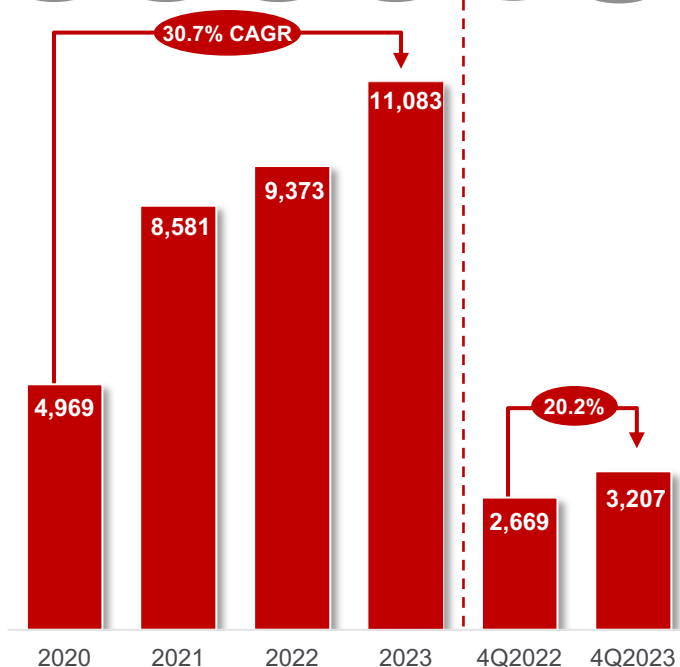
ZKH Platform %¹ 88.3% 88.6% 91.4% 91.2% 92.1% 90.6%

GBB Platform %¹ 11.7% 11.4% 8.6% 8.8% 7.9% 9.4%

By Business Model:

1P %² 93.9% 89.3% 84.6% 75.2% 81.4% 72.4%

3P %² 6.1% 10.7% 15.4% 24.8% 18.6% 27.6%



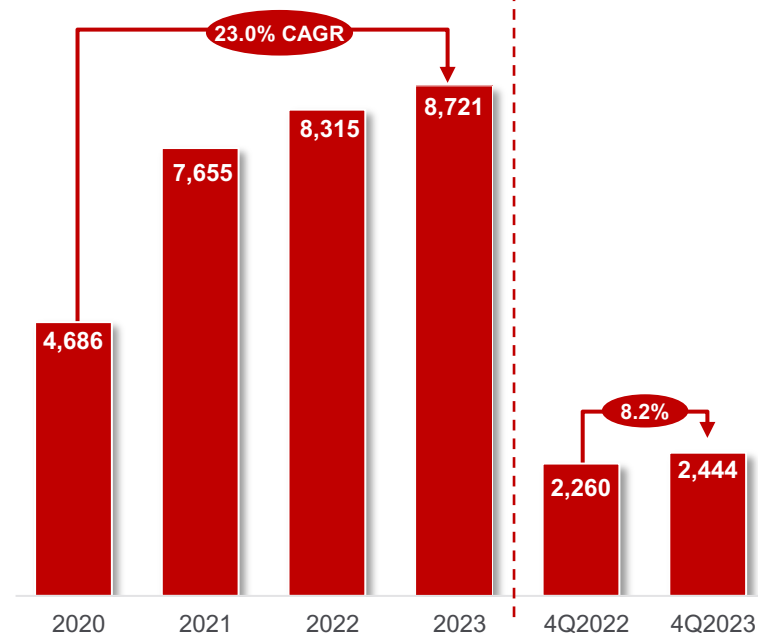
Net Revenues

(RMB mm)

Net Product Revenues %³ 98.6% 98.0% 97.3% 95.6% 96.9% 95.1%

Net Service Revenues %^{3,4} 0.9% 1.5% 2.2% 3.5% 2.5% 4.0%

Other Revenues %³ 0.5% 0.5% 0.6% 0.8% 0.6% 0.8%



Note:

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.

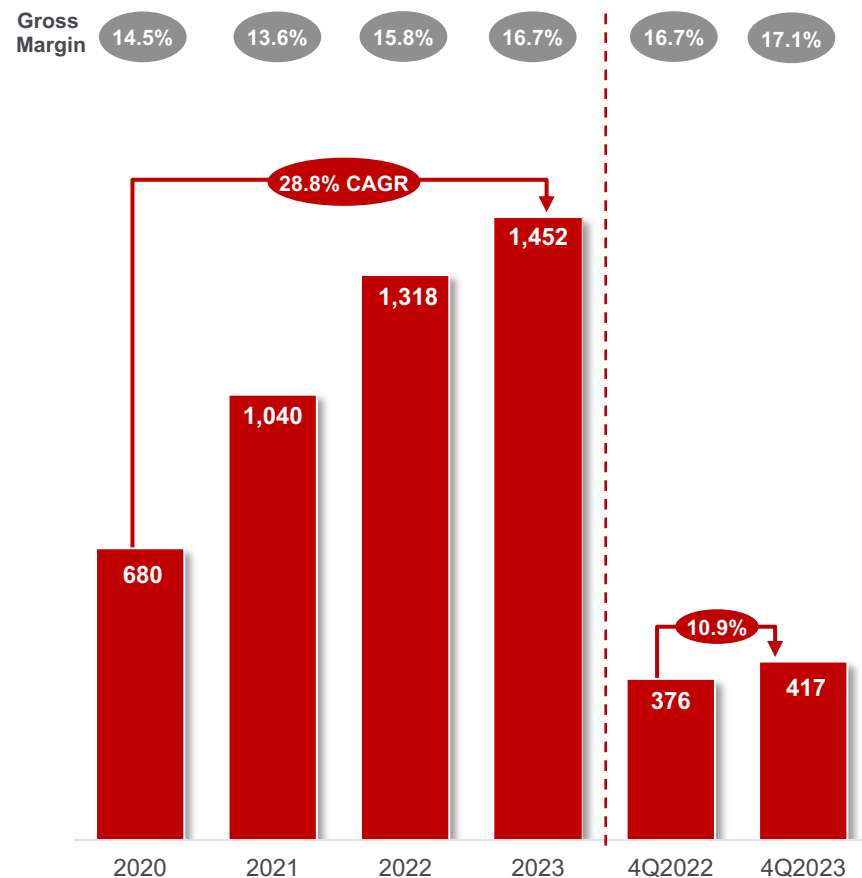
3. Denotes the revenue from net product as percentage of total revenue, the revenue from net service as percentage of total revenue, and the revenue from the others as percentage of total revenue, respectively.

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

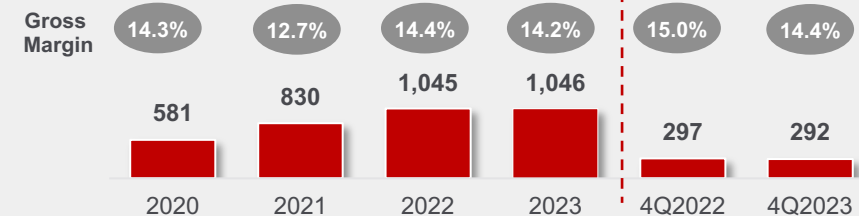
Gross Profit and Gross Margin¹

(RMB mm)



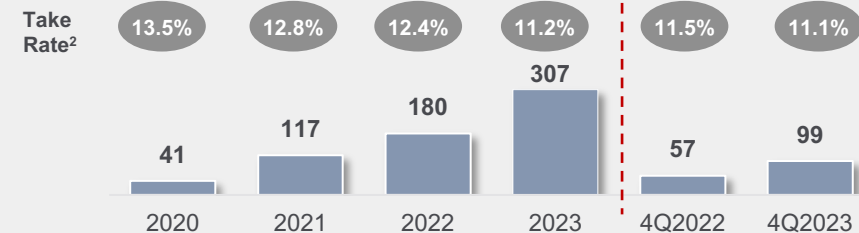
ZKH Platform – Product Sales (1P)

(RMB mm)



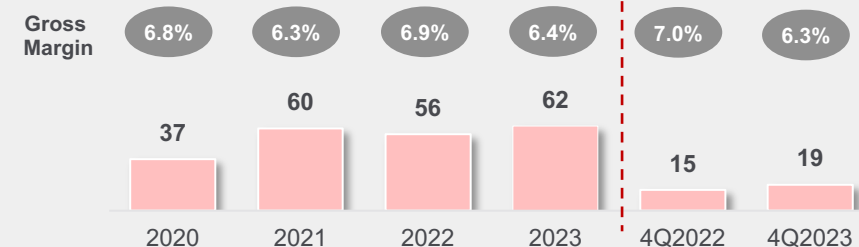
ZKH Platform – Marketplace (3P)

(RMB mm)



GBB Platform

(RMB mm)



Notes:

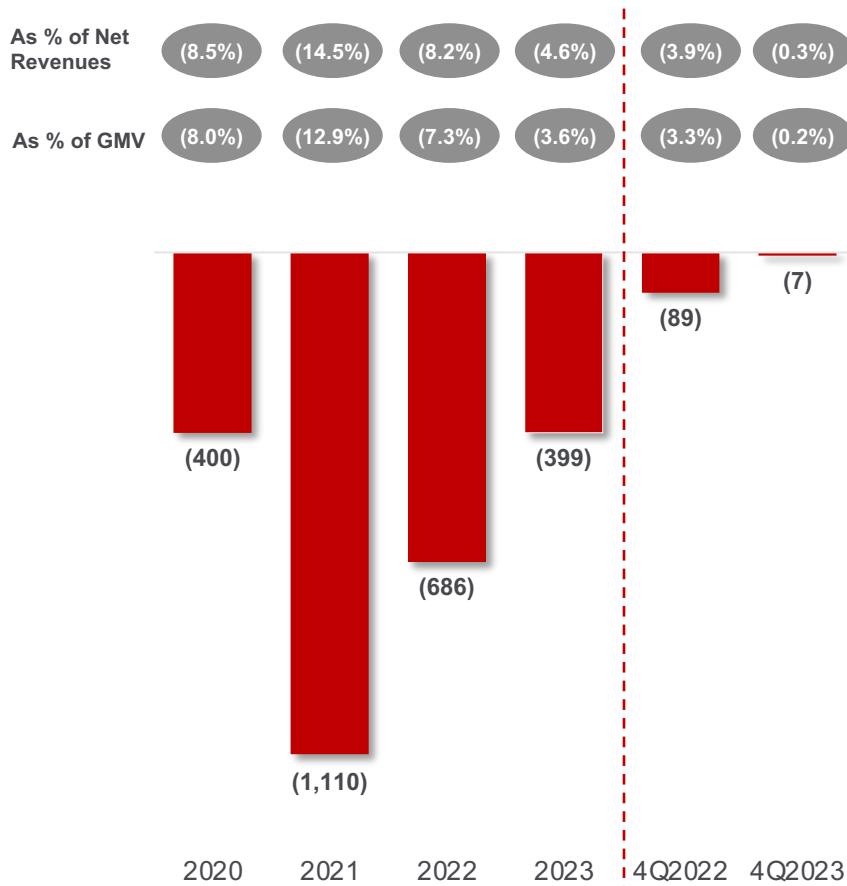
1. Gross profit = total net revenues – cost of revenues; gross margin is defined as gross profit divided by total net revenues.

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

Path to Profitability

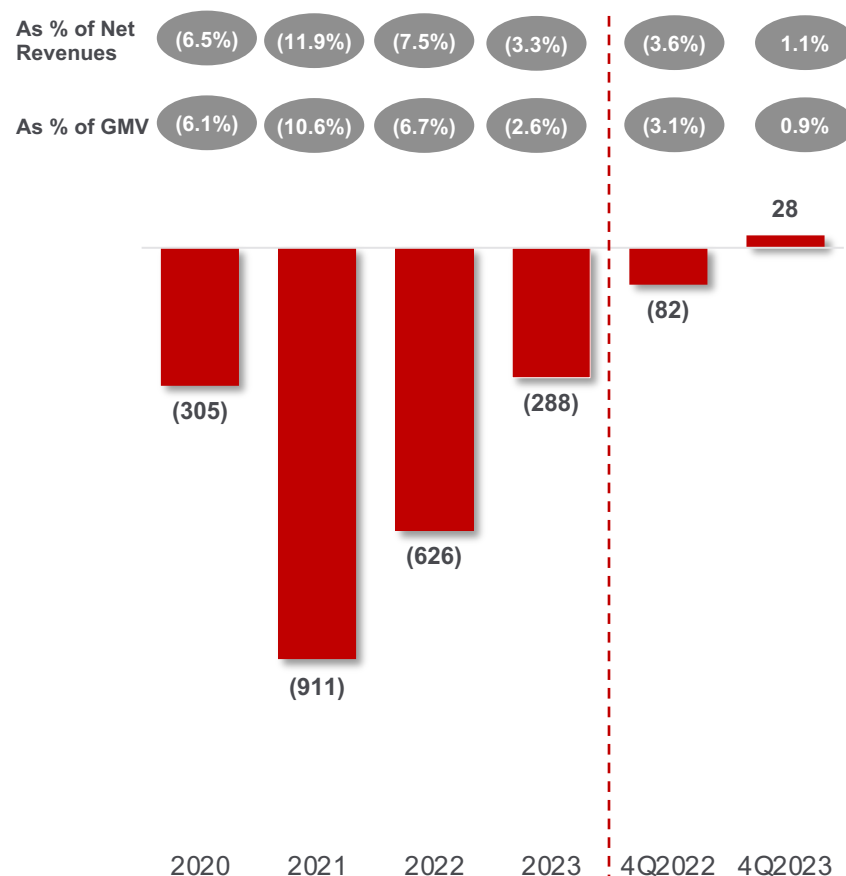
Operating Loss

(RMB mm)



Adjusted Net (Loss)/ Profit¹

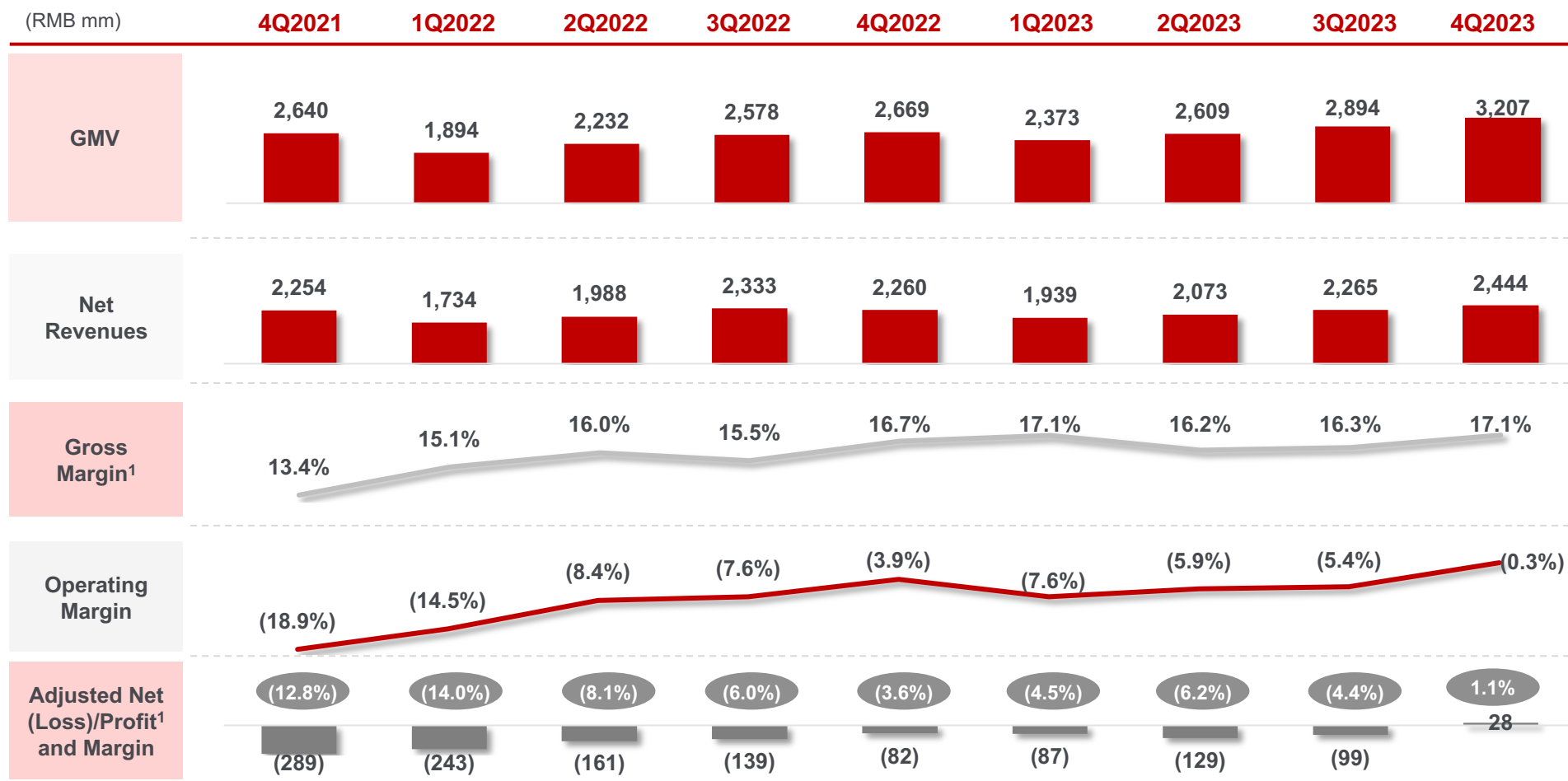
(RMB mm)



Note:

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

Quarterly Performance



Note:

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

For investor and media inquiries, please contact:

In China:

**ZKH Group Limited
IR Department
E-mail: IR@zkh.com**

**Piacente Financial Communications
Hui Fan
Tel: +86-10-6508-0677
E-mail: zkh@thepiacentegroup.com**

In the United States:

**Piacente Financial Communications
Brandi Piacente
Tel: +1-212-481-2050
E-mail: zkh@thepiacentegroup.com**