March 11, 2025

# Zacks Small-Cap Research

*Sponsored – Impartial - Comprehensive*

Michael Kim
312-265-9372
mkim@zacks.com

scr.zacks.com
10 S. Riverside Plaza, Chicago, IL 60606

## ATRenew Inc. (RERE-NYSE)

### RERE: 4Q24 Earnings – EPS as Expected; Investing for Growth to Keep Pace with Accelerating Demand

ATRenew reported net income of $10.6 million for 4Q24, or $0.04 per ADS. Adjusted EPS came in at $0.07, in line with our estimate, as more favorable revenues/operating income were offset by slightly lower non-GAAP addbacks. Edging down our 2025 adjusted EPS estimate from $0.33 to $0.27, and introducing a 2026 estimate of $0.41. As a result of our explicit 2026 forecast, we are raising our price target by $1.00 to $5.00.

| | |
|---|---|
| Current Price (3/10/25) | $3.18 |
| **Valuation** | **$5.00** |

### OUTLOOK

Key 4Q24 takeaways include: 1) real-time step ups in trade-in activity and consumer demand for high-quality preowned products on the heels of recently introduced government subsidies and ongoing growth in the supply of new smartphone shipments continue to drive accelerating revenue growth; 2) in response to building demand trends, management plans to continue to expand the company's footprint (800 new store openings planned for this year), branding initiatives via new social media content/channels, and fulfillment capabilities; and 3) while we assume adjusted operating income margins hold steady this year, our model calls for material margin expansion looking out to 2026, as revenue growth momentum continues to build and expense inflation moderates.

### SUMMARY DATA

| | |
|---|---|
| **52-Week High** | **$3.70** |
| **52-Week Low** | **$1.15** |
| **One-Year Return (%)** | **178.95** |
| **Beta** | **N/A** |
| **Average Daily Volume (sh)** | **810,698** |
| **Shares Outstanding (mil)c** | **244** |
| **Market Capitalization ($mil)** | **$775** |
| **Short Interest Ratio (days)** | **N/A** |
| **Institutional Ownership (%)** | **36** |
| **Insider Ownership (%)** | **3** |
| **Annual Cash Dividend** | **$0.00** |
| **Dividend Yield (%)** | **0.00** |
| **5-Yr. Historical Growth Rates** | |
| **Sales (%)** | **N/A** |
| **Earnings Per Share (%)** | **N/A** |
| **Dividend (%)** | **N/A** |
| **P/E using TTM EPS** | **17.7** |
| **P/E using 2025 Estimate** | **11.8** |
| **P/E using 2026 Estimate** | **7.8** |

| | |
|---|---|
| **Risk Level** | **Average** |
| **Type of Stock** | **Small-Growth** |
| **Industry** | **Technology Services** |

### ZACKS ESTIMATES

**Revenue**
(in millions of $)

| | Q1 (Mar) | Q2 (Jun) | Q3 (Sep) | Q4 (Dec) | Year (Dec) |
|---|---|---|---|---|---|
| 2023 | 418 A | 409 A | 446 A | 546 A | 1,826 A |
| 2024 | 506 A | 520 A | 577 A | 664 A | 2,267 A |
| 2025 | 636 E | 685 E | 739 E | 797 E | 2,857 E |
| 2026 | | | | | 3,555 E |

**Adjusted Net Income/American Depositary Shares[1]**

| | Q1 (Mar) | Q2 (Jun) | Q3 (Sep) | Q4 (Dec) | Year (Dec) |
|---|---|---|---|---|---|
| 2023 | $0.03 A | $0.02 A | $0.03 A | $0.05 A | $0.13 A |
| 2024 | $0.01 A | $0.04 A | $0.05 A | $0.07 A | $0.18 A |
| 2025 | $0.05 E | $0.06 E | $0.07 E | $0.08 E | $0.27 E |
| 2026 | | | | | $0.41 E |

Quarterly revenues may not equal annual revenues due to FX rates.
[1]Excludes share-based compensation expenses and amortization of intangible assets, as well as related tax impacts.

© Copyright 2025, Zacks Investment Research. All Rights Reserved.

## 4Q24 EARNINGS: ADJUSTED OPERATING INCOME BEAT ON HIGHER REVENUES AND OPERATING INCOME

Pre-market open on 3/11/25, ATRenew reported 4Q24 earnings results. On a GAAP basis, RERE reported net income of $10.6 million for 4Q24, or $0.04 per ADS (Exhibit 1). That said, excluding non-cash share-based compensation and intangible assets amortization expenses, adjusted EPS came in at $0.07, or in line with our estimate (Exhibit 2). Relative to our model, more favorable revenue and operating income were offset by slightly lower non-GAAP addbacks (intangible amortization).

Focusing on the top line, total revenue of RMB 4,849 million ($664.4 million) came in slightly above the high point of management's prior guidance range and 1.0% above our RMB 4,802 million ($662.4 million) estimate on accelerating sales activity.

Total expenses of RMB 4,796 million ($657.1 million) were 0.8% ahead of our RMB 4,758 million ($656.2 million) estimate. Higher fulfillment, selling and marketing, and G&A costs were more than offset by merchandise and technology expenses, as well as more favorable other operating income.

**Exhibit 1: 4Q24 GAAP Actual vs. Estimates**
**($ millions)**

| | 4Q24 | | Change | |
|---|---|---|---|---|
| | Actual | Estimate | $ | % |
| Revenues | | | | |
| Net product revenues | 611.1 | 607.8 | 3.3 | 0.5% |
| Net service revenues | 53.3 | 54.6 | (1.3) | -2.4% |
| **Total Net Revenues** | **664.4** | **662.4** | **1.9** | 0.3% |
| | | | | |
| Expenses | | | | |
| Merchandise costs | (535.0) | (536.7) | 1.7 | -0.3% |
| Fulfillment expenses | (54.4) | (52.8) | (1.6) | 3.0% |
| Selling and marketing expenses | (51.6) | (47.6) | (4.0) | 8.4% |
| General and administrative expenses | (12.5) | (10.7) | (1.8) | 17.0% |
| Technology and content expenses | (7.8) | (8.7) | 0.9 | -10.6% |
| Goodwill impairment loss | 0.0 | 0.0 | 0.0 | NM |
| Other operating income, net | 4.2 | 0.2 | 3.9 | 1621.6% |
| **Total Expenses** | **(657.1)** | **(656.2)** | **(0.8)** | 0.1% |
| | | | | |
| **Operating Income/(Loss)** | **7.3** | **6.2** | **1.1** | 18.1% |
| Interest expense | (0.4) | (0.4) | 0.0 | -7.2% |
| Interest income | 0.9 | 1.1 | (0.2) | -21.1% |
| Other income/(loss), net | 0.0 | 0.0 | 0.0 | NM |
| **Pre-Tax Income/(Loss)** | **7.8** | **6.8** | **0.9** | NM |
| Income tax benefits | 4.4 | 1.4 | 3.1 | NM |
| Share of loss in equity method investments | (1.6) | (0.5) | (1.1) | 230.2% |
| **Net Income/(Loss)** | **10.6** | **7.7** | **2.9** | NM |
| | | | | |
| **Earnings per share, basic and diluted** | **$0.04** | **$0.03** | **$0.01** | **NM** |
| Weighted avg shares out, basic and diluted | 243.6 | 244.9 | (1.3) | -0.5% |

Source: Company Reports and Zacks Small Cap Research estimates and calculations.

**Exhibit 2: 4Q24 Non-GAAP Actual vs. Estimates**
**($ millions)**

| | 4Q24 | | Change | |
|---|---|---|---|---|
| | Actual | Estimate | $ | % |
| Non-GAAP Reconciliations | | | | |
| Operating Income/(Loss) | 7.3 | 6.2 | 1.1 | 18.1% |
| Share-Based Compensation Expenses | (4.7) | (4.5) | (0.2) | 4.4% |
| Amortization of Intangible Assets | (6.0) | (6.4) | 0.4 | -6.0% |
| **Adjusted Operating Income** | **18.0** | **17.1** | **0.9** | 5.4% |
| | | | | |
| Net Income/(Loss) | 10.6 | 7.7 | 2.9 | NM |
| Share-Based Compensation Expenses | (4.7) | (4.5) | (0.2) | 4.4% |
| Amortization of Intangible Assets | (6.0) | (6.4) | 0.4 | -6.0% |
| Tax Impact | 4.5 | 1.0 | 3.5 | 368.0% |
| **Adjusted Net Income** | **16.8** | **17.7** | **(0.8)** | -4.8% |
| **Adjusted Earnings per share, diluted** | **$0.07** | **$0.07** | **($0.00)** | **-4.2%** |
| Weighted avg shares out, diluted | 243.6 | 244.9 | (1.3) | -0.5% |

Source: Company Reports and Zacks Small Cap Research estimates and calculations.

## KEY TAKEAWAYS

Following our review of 4Q24 results, we highlight the following key takeaways:

1. **Real-time step up in trade-in activity driving accelerating top line growth:** Focusing on 1Q25, senior officials anticipate total revenues to be in the range of RMB 4,550 million and RMB 4,650 million ($627 million to $640 million at current FX rates), implying year-over-year growth of 25% to 27% (despite the recent downsizing of select overseas businesses). Looking ahead, our model calls for revenue growth to accelerate to 27% in 2025 primarily reflecting a step up in trade-in activity (particularly given ongoing growth in the supply of new smartphone shipments in China) and consumer demand for high-quality preowned products. Much of the recent growth in smartphone recycling business can be linked to the introduction of government initiatives (15% subsidy for new devices) in late January, with AHS well positioned to capitalize on industry tailwinds reflecting the company's front-end fulfillment, pricing, and services capabilities, as well as RERE's partnership with JD.com. In fact, recycling volumes were up meaningfully in January and February, with related growth of 70%+ year-over-year during the Lunar New Year holiday.

2. **Reinvesting in the business to meet rising demand:** In order to meet building demand trends, management plans to continue to expand the company's footprint, branding initiatives, and fulfillment capabilities. On the call, senior officials highlighted plans to open 800 new stores in 2025 (40%+ year-over-year growth), with a longer-term goal of 5,000 stores (1,861 locations as of 12/31/24) over the next three years. From a financial perspective, the retail business accounted for 29% of total product revenues in 4Q24, up from 17% in 1Q23, with management targeting 50% contribution over time. Turning to marketing, management remains focused on to further building the AHS Recycle brand via new social media content/channels to build mindshare across target markets and drive rising offline/online traffic. Finally, we look for a step up in expenses related to broadening fulfillment/servicing capabilities and related headcount.

3. **Setting the stage for margin expansion:** RERE's adjusted operating income margin expanded by 60 basis points year-over-year to 2.5% for 2024. Going forward, we assume margins hold steady this year, as management remains committed to increasingly reinvesting in the business to capitalize on accelerating growth. That said, our model calls for material margin expansion looking out to 2026, as revenue growth momentum continues to build and expense inflation moderates, we believe. To be sure, senior officials remain focused on realizing further economies of scale and operational efficiencies. More specifically, plans are underway to increasingly leverage Artificial Intelligence (AI) across the company to enhance customer service, inspections, and pricing algorithms, thereby driving a step up in profitability.

## REFINING EPS ESTIMATES

After updating our model for 4Q24 actuals, we are edging down our 2025 adjusted EPS estimate from $0.33 to $0.27. Crosscurrents include: 1) a steeper revenue growth trajectory reflecting a real-time step up in trade-in activity fueled by government subsidy programs; 2) slightly more conservative margin assumptions, with management taking a more proactive approach in building out fulfillment and marketing capabilities to better align with accelerating demand; and 3) a shift from income tax benefits to payments given the inflection from pre-tax losses to income. Moreover, we are introducing a 2026 adjusted EPS forecast of $0.41 representing 51% year-over-year growth.

## VALUATION

As a result of our explicit 2026 forecasts, we are raising our price target by $1.00 to $5.00 implying considerable upside potential from current levels. Given ATRenew's unique end-to-end business model and long-term growth potential, the current stage in the company's lifecycle, and the lack of truly comparable stocks, we rely on our DCF model to value RERE shares. At a high level, despite what we believe to be conservative inputs/assumptions, our valuation work suggests a wide disconnect between ATRenew's fundamentals and the stock's current price.

As a crosscheck, we analyze peer valuation multiples to corroborate our DCF-based price target. At 11.8x and 7.8x our 2025 and 2026 adjusted EPS estimates, respectively, RERE continues to trade at a meaningful P/E discount to most peer stocks. While we recognize comparable companies are generally larger and more mature, with considerable infrastructure, resource, and financial advantages, RERE maintains a sizeable advantage in terms of projected growth.

We continue to believe current levels still provide investors with an attractive entry point for RERE, as awareness and appreciation of the company's business model, growth prospects, competitive positioning, and valuation disconnect rises.

## INVESTMENT THESIS

ATRenew is the largest pre-owned consumer electronics transactions and services platform in China, with a focus on mobile phones, laptops, and tablets, as well as luxury goods and household products. Our investment thesis revolves around ATRenew's:

1. **Differentiated Business Model:** ATRenew's unique business model revolves around three key complementary elements: a) efficiently sourcing pre-owned products for resale through AHS Recycle's online platform and offline stores referred to as the company's Consumer-to-Business (C2B) supply chain; b) integrated marketplace platforms focused on facilitating transactions across Business-to-Business (B2B) and Business-to-Consumer (B2C) channels; and c) proprietary inspection, grading, and pricing technologies. ATRenew's holistic platform model drives incremental financial and operational efficiencies compared to traditional pre-owned transactions that typically involve various intermediaries, thereby compromising timelines and related economics.

2. **Multi-Pronged Growth Story**: Focusing on the supply side, steady growth in the number of new consumer electronics devices entering the market paves the way for accelerating recycling/trade-in opportunities over time. We look for ATRenew to increasingly leverage the company's differentiated store network and state-of-the-art trade-in solutions with JD.com and Apple to continue to gain market share. Turning to demand, we see several powerful enablers driving higher pre-owned transaction activity including a softer than expected economic recovery in China. Moreover, average selling prices for new phones continue to trend higher, thereby disincentivizing increasingly price-sensitive customers, and stimulating demand for pre-owned devices.

3. **Accelerating Financial Performance:** Our 2025 and 2026 adjusted EPS estimates of $0.27 and $0.41, respectively, imply 53% year-over-year growth this year followed by 50%+ growth in 2026. Focusing on the top line, we forecast revenue growth to hold steady in the ~25% range through 2026. Furthermore, we look for operating income margins to trend higher over time driven by rising operating leverage.

4. **Strong Capital Base to Fund Growth + Capital Return:** With RMB 2.92 billion ($400 million) of liquid assets as of December 31, 2024, combined with strong cash flow generation, ATRenew maintains ample liquidity to continue to fund growth and return capital to shareholders. Targeted capital expenditures include: 1) ongoing R&D initiatives, with a focus on technology; 2) upgrading operations centers with automated inspection facilities; 3) wider educational efforts focused on the circular economy and recycle-and-reuse lifestyles; and 4) further expanding and enhancing ATRenew's offline store footprint via new store openings and existing location upgrades. That said, the company's asset-light business model and high inventory turnover reduce the need for hefty/extended capital outlays, and in turn provide flexibility to enhance shareholder returns via buybacks and/or dividends.

## INVESTMENT RISKS

1. **Macroeconomic headwinds in China:** A prolonged economic downturn in China led by weaker consumer demand/confidence would likely pressure the supply and sales of new consumer electronics devices, as well as pre-owned transaction volumes, average selling prices, and gross merchandise values across the industry, with knock-on effects to ATRenew's revenues and earnings.

2. **Circular economy uptake:** A slower shift in consumer behavior/acceptance would likely drive a slower-than-expected ramp up of pre-owned transactions, thereby weighing on ATRenew's product supply, sales, and transaction volumes.

3. **Rising competition:** While ATRenew's end-to-end, omnichannel model remains unique in the industry, ceding market share to competitors would result in incremental pressure on the company's take rates, markups, transaction volumes, and customer acquisition costs, in all likelihood.

4. **Strategic partnerships:** ATRenew is dependent on select strategic relationships to drive a meaningful portion of the company's supply. Indeed, JD.com accounts for ~40% of AHS Recycle-sourced products. Moreover, the company maintains trade-in partnerships with major cell phone manufacturers in China including Apple and Huawei.

5. **Regulatory environment:** ATRenew remains subject to regulatory uncertainties and/or changes in China. In particular, government scrutiny on consumer protection, data security, competitive dynamics, and labor relations remains heightened.

## PROJECTED INCOME STATEMENT (RMB)

**ATRenew Inc.**
**(RMB in millions)**

| | Quarterly | | | | | | | | Annual | | | | Y/Y Growth | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q24 | 2Q24 | 3Q24 | 4Q24 | 1Q25E | 2Q25E | 3Q25E | 4Q25E | 2023 | 2024 | 2025E | 2026E | 2024 | 2025E | 2026E |
| | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 | Dec-25 | Dec-23 | Dec-24 | Dec-25 | Dec-26 | Dec-24 | Dec-25 | Dec-26 |
| Revenues | | | | | | | | | | | | | | | |
| Net product revenues | 3,309.8 | 3,401.8 | 3,672.2 | 4,460.6 | 4,228.8 | 4,546.0 | 4,886.9 | 5,253.4 | 11,658.3 | 14,844.4 | 18,915.1 | 23,643.9 | 27% | 27% | 25% |
| Net service revenues | 341.3 | 374.9 | 379.0 | 388.7 | 387.5 | 430.2 | 477.6 | 530.2 | 1,307.5 | 1,484.0 | 1,825.6 | 2,164.6 | 13% | 23% | 19% |
| **Total Net Revenues** | **3,651.1** | **3,776.7** | **4,051.2** | **4,849.3** | **4,616.3** | **4,976.2** | **5,364.5** | **5,783.6** | **12,965.8** | **16,328.4** | **20,740.7** | **25,808.5** | **26%** | **27%** | **24%** |
| | 27% | 27% | 24% | 25% | 26% | 32% | 32% | 19% | | | | | | | |
| Expenses | | | | | | | | | | | | | | | |
| Merchandise costs | (2,947.8) | (2,990.6) | (3,242.8) | (3,905.1) | (3,700.2) | (3,977.7) | (4,276.0) | (4,596.8) | (10,338.9) | (13,086.4) | (16,550.7) | (20,688.4) | 27% | 26% | 25% |
| Fulfillment expenses | (309.8) | (328.3) | (347.3) | (396.9) | (375.6) | (402.4) | (431.1) | (461.9) | (1,124.0) | (1,382.3) | (1,670.9) | (1,950.1) | 23% | 21% | 17% |
| Selling and marketing expenses | (321.3) | (354.0) | (315.3) | (376.4) | (400.3) | (431.5) | (465.2) | (501.6) | (1,250.9) | (1,367.0) | (1,798.6) | (2,109.1) | 9% | 32% | 17% |
| General and administrative expenses | (73.8) | (72.5) | (69.3) | (91.1) | (77.5) | (83.5) | (90.1) | (97.1) | (266.0) | (306.8) | (348.2) | (407.5) | 15% | 14% | 17% |
| Technology and content expenses | (50.2) | (49.8) | (53.4) | (57.0) | (50.2) | (54.2) | (58.4) | (62.9) | (195.7) | (210.4) | (225.7) | (255.1) | 8% | 7% | 13% |
| Goodwill impairment loss | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | NM | NM | NM |
| Other operating income, net | 8.4 | 12.9 | 1.8 | 30.4 | 15.0 | 15.0 | 15.0 | 15.0 | 36.3 | 53.4 | 60.0 | 60.0 | 47% | 12% | 0% |
| **Total Expenses** | **(3,694.5)** | **(3,782.3)** | **(4,026.4)** | **(4,796.2)** | **(4,588.8)** | **(4,934.3)** | **(5,305.8)** | **(5,705.2)** | **(13,139.1)** | **(16,299.4)** | **(20,534.2)** | **(25,350.1)** | **24%** | **26%** | **23%** |
| **Operating Income/(Loss)** | **(43.4)** | **(5.6)** | **24.9** | **53.1** | **27.5** | **41.9** | **58.8** | **78.4** | **(173.3)** | **29.0** | **206.5** | **458.4** | **-117%** | **613%** | **122%** |
| Interest expense | (4.0) | (4.7) | (3.6) | (2.7) | (2.3) | (2.3) | (2.3) | (2.3) | (7.1) | (15.0) | (9.1) | (9.1) | 113% | -40% | 0% |
| Interest income | 6.6 | 5.3 | 8.7 | 6.3 | 7.5 | 7.5 | 7.6 | 7.7 | 37.9 | 26.9 | 30.3 | 31.5 | -29% | 13% | 4% |
| Other income/(loss), net | (41.4) | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (5.9) | (41.3) | 0.0 | 0.0 | 601% | -100% | NM |
| **Pre-Tax Income/(Loss)** | **(82.2)** | **(5.0)** | **30.0** | **56.7** | **32.7** | **47.1** | **64.1** | **83.8** | **(148.4)** | **(0.4)** | **227.7** | **480.8** | **-100%** | **NM** | **111%** |
| Income tax benefits | 10.0 | 8.5 | 5.9 | 32.3 | (2.6) | (3.8) | (5.1) | (6.7) | 42.5 | 56.9 | (18.2) | (38.5) | 34% | -132% | 111% |
| Share of loss in equity method investments | (20.7) | (14.3) | (18.1) | (11.6) | 0.0 | 0.0 | 0.0 | 0.0 | (50.4) | (64.7) | 0.0 | 0.0 | 28% | -100% | NM |
| **Net Income/(Loss)** | **(92.9)** | **(10.7)** | **17.9** | **77.4** | **30.0** | **43.4** | **59.0** | **77.1** | **(156.3)** | **(8.2)** | **209.5** | **442.4** | **-95%** | **NM** | **111%** |
| Foreign currency translation adjustment | 0.2 | (0.3) | (7.1) | 14.5 | 0.0 | 0.0 | 0.0 | 0.0 | 8.9 | 7.4 | 0.0 | 0.0 | -17% | -100% | NM |
| Net comprehensive loss | (92.6) | (11.0) | 10.8 | 92.0 | 30.0 | 43.4 | 59.0 | 77.1 | (147.4) | (0.9) | 209.5 | 442.4 | -99% | **NM** | 111% |
| **Earnings per share, basic and diluted** | **(0.58)** | **(0.06)** | **0.11** | **0.48** | **0.19** | **0.27** | **0.37** | **0.48** | **(0.96)** | **(0.05)** | **1.30** | **2.79** | **-95%** | **-2695%** | **114%** |
| Weighted avg shares outstanding, diluted | 161.5 | 166.6 | 164.3 | 162.4 | 161.6 | 160.9 | 160.3 | 159.7 | 162.2 | 163.7 | 160.6 | 158.7 | 1% | -2% | -1% |
| Non-GAAP Reconciliations | | | | | | | | | | | | | | | |
| Operating Income/(Loss) | (43.4) | (5.6) | 24.9 | 53.1 | 27.5 | 41.9 | 58.8 | 78.4 | (173.3) | 29.0 | 206.5 | 458.4 | -117% | 613% | 122% |
| Share-Based Compensation Expenses | (56.6) | (42.9) | (32.8) | (34.4) | (34.4) | (34.4) | (34.4) | (34.4) | (134.4) | (166.7) | (137.7) | (137.7) | 24% | -17% | 0% |
| Amortization of Intangible Assets | (66.9) | (56.8) | (46.4) | (43.9) | (43.9) | (43.9) | (43.9) | (43.9) | (290.7) | (214.0) | (175.6) | (175.6) | -26% | -18% | 0% |
| **Adjusted Operating Income** | **80.2** | **94.1** | **104.0** | **131.4** | **105.8** | **120.2** | **137.1** | **156.7** | **251.7** | **409.7** | **519.8** | **771.7** | **63%** | **27%** | **48%** |
| Net Income/(Loss) | (92.9) | (10.7) | 17.9 | 77.4 | 30.0 | 43.4 | 59.0 | 77.1 | (156.3) | (8.2) | 209.5 | 442.4 | -95% | -2646% | 111% |
| Share-Based Compensation Expenses | (56.6) | (42.9) | (32.8) | (34.4) | (34.4) | (34.4) | (34.4) | (34.4) | (134.4) | (166.7) | (137.7) | (137.7) | 24% | -17% | 0% |
| Amortization of Intangible Assets | (66.9) | (56.8) | (46.4) | (43.9) | (43.9) | (43.9) | (43.9) | (43.9) | (290.7) | (214.0) | (175.6) | (175.6) | -26% | -18% | 0% |
| Tax Impact | 10.0 | 8.5 | 7.0 | 32.9 | 12.0 | 12.0 | 12.0 | 12.0 | 43.7 | 58.4 | 48.1 | 48.1 | 34% | -18% | 0% |
| **Adjusted Net Income** | **20.6** | **80.5** | **90.1** | **122.9** | **96.3** | **109.7** | **125.3** | **143.4** | **225.2** | **314.1** | **474.7** | **707.6** | **39%** | **51%** | **49%** |
| **Adjusted Earnings per share, diluted** | **0.13** | **0.48** | **0.55** | **0.76** | **0.60** | **0.68** | **0.78** | **0.90** | **1.39** | **1.91** | **2.96** | **4.46** | **38%** | **55%** | **51%** |
| Weighted avg shares outstanding, diluted | 161.5 | 169.1 | 164.3 | 162.4 | 161.6 | 160.9 | 160.3 | 159.7 | 162.2 | 164.3 | 160.6 | 158.7 | 1% | -2% | -1% |

Source: Company reports and Zacks SCR estimates and calculations.

© Copyright 2025, Zacks Investment Research. All Rights Reserved.

## PROJECTED INCOME STATEMENT (USD)

**ATRenew Inc.**
**($ millions)**

| | Quarterly | | | | | | | | Annual | | | | Y/Y Growth | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q24 | 2Q24 | 3Q24 | 4Q24 | 1Q25E | 2Q25E | 3Q25E | 4Q25E | 2023 | 2024 | 2025E | 2026E | 2024 | 2025E | 2026E |
| | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 | Dec-25 | Dec-23 | Dec-24 | Dec-25 | Dec-26 | Dec-24 | Dec-25 | Dec-26 |
| Revenues | | | | | | | | | | | | | | | |
| Net product revenues | 458.4 | 468.1 | 523.3 | 611.1 | 582.4 | 626.1 | 673.1 | 723.6 | 1,642.0 | 2,060.9 | 2,605.2 | 3,256.5 | 26% | 26% | 25% |
| Net service revenues | 47.3 | 51.6 | 54.0 | 53.3 | 53.4 | 59.3 | 65.8 | 73.0 | 184.2 | 206.1 | 251.4 | 298.1 | 12% | 22% | 19% |
| **Total Net Revenues** | **505.7** | **519.7** | **577.3** | **664.4** | **635.8** | **685.4** | **738.9** | **796.6** | **1,826.2** | **2,267.0** | **2,856.6** | **3,554.6** | **24%** | **26%** | **24%** |
| Expenses | | | | | | | | | | | | | | | |
| Merchandise costs | (408.3) | (411.5) | (462.1) | (535.0) | (509.6) | (547.9) | (588.9) | (633.1) | (1,456.2) | (1,816.9) | (2,279.6) | (2,849.4) | 25% | 25% | 25% |
| Fulfillment expenses | (42.9) | (45.2) | (49.5) | (54.4) | (51.7) | (55.4) | (59.4) | (63.6) | (158.3) | (191.9) | (230.1) | (268.6) | 21% | 20% | 17% |
| Selling and marketing expenses | (44.5) | (48.7) | (44.9) | (51.6) | (55.1) | (59.4) | (64.1) | (69.1) | (176.2) | (189.7) | (247.7) | (290.5) | 8% | 31% | 17% |
| General and administrative expenses | (10.2) | (10.0) | (9.9) | (12.5) | (10.7) | (11.5) | (12.4) | (13.4) | (37.5) | (42.6) | (48.0) | (56.1) | 14% | 13% | 17% |
| Technology and content expenses | (7.0) | (6.9) | (7.6) | (7.8) | (6.9) | (7.5) | (8.0) | (8.7) | (27.6) | (29.2) | (31.1) | (35.1) | 6% | 6% | 13% |
| Goodwill impairment loss | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | NM | NM | NM |
| Other operating income, net | 1.2 | 1.8 | 0.3 | 4.2 | 2.1 | 2.1 | 2.1 | 2.1 | 5.1 | 7.4 | 8.3 | 8.3 | 44% | 12% | 0% |
| **Total Expenses** | **(511.7)** | **(520.5)** | **(573.8)** | **(657.1)** | **(632.0)** | **(679.6)** | **(730.8)** | **(785.8)** | **(1,850.6)** | **(2,263.0)** | **(2,828.2)** | **(3,491.5)** | **22%** | **25%** | **23%** |
| **Operating Income/(Loss)** | **(6.0)** | **(0.8)** | **3.5** | **7.3** | **3.8** | **5.8** | **8.1** | **10.8** | **(24.4)** | **4.0** | **28.4** | **63.1** | **-117%** | **604%** | **122%** |
| Interest expense | (0.6) | (0.7) | (0.5) | (0.4) | (0.3) | (0.3) | (0.3) | (0.3) | (1.0) | (2.1) | (1.3) | (1.3) | 110% | -40% | 0% |
| Interest income | 0.9 | 0.7 | 1.2 | 0.9 | 1.0 | 1.0 | 1.0 | 1.1 | 5.3 | 3.7 | 4.2 | 4.3 | -30% | 12% | 4% |
| Other income/(loss), net | (5.7) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (0.8) | (5.7) | 0.0 | 0.0 | 589% | -100% | NM |
| **Pre-Tax Income/(Loss)** | **(11.4)** | **(0.7)** | **4.3** | **7.8** | **4.5** | **6.5** | **8.8** | **11.5** | **(20.9)** | **(0.0)** | **31.4** | **66.2** | **-100%** | **NM** | **111%** |
| Income tax benefits | 1.4 | 1.2 | 0.8 | 4.4 | (0.4) | (0.5) | (0.7) | (0.9) | 6.0 | 7.8 | (2.5) | (5.3) | 31% | -132% | 111% |
| Share of loss in equity method investments | (2.9) | (2.0) | (2.6) | (1.6) | 0.0 | 0.0 | 0.0 | 0.0 | (7.1) | (9.0) | 0.0 | 0.0 | 27% | -100% | NM |
| **Net Income/(Loss)** | **(12.9)** | **(1.5)** | **2.5** | **10.6** | **4.1** | **6.0** | **8.1** | **10.6** | **(22.0)** | **(1.2)** | **28.9** | **60.9** | **-95%** | **NM** | **111%** |
| Foreign currency translation adjustment | 0.0 | (0.0) | (1.0) | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.3 | 1.0 | 0.0 | 0.0 | -23% | -100% | NM |
| Net comprehensive loss | (12.8) | (1.5) | 1.5 | 12.6 | 4.1 | 6.0 | 8.1 | 10.6 | (20.8) | (0.2) | 28.9 | 60.9 | -99% | **NM** | 111% |
| **Earnings per share, basic and diluted** | **($0.05)** | **($0.01)** | **$0.01** | **$0.04** | **$0.02** | **$0.02** | **$0.03** | **$0.04** | **($0.09)** | **($0.00)** | **$0.12** | **$0.26** | **-95%** | **-2609%** | **114%** |
| Weighted average shares outstanding, basic an | 242.2 | 249.9 | 246.4 | 243.6 | 242.4 | 241.4 | 240.4 | 239.5 | 243.2 | 245.5 | 240.9 | 238.0 | 1% | -2% | -1% |
| Non-GAAP Reconciliations | | | | | | | | | | | | | | | |
| Operating Income/(Loss) | (6.0) | (0.8) | 3.5 | 7.3 | 3.8 | 5.8 | 8.1 | 10.8 | (24.4) | 4.0 | 28.4 | 63.1 | -117% | 604% | 122% |
| Share-Based Compensation Expenses | (7.9) | (5.9) | (4.7) | (4.7) | (4.7) | (4.7) | (4.7) | (4.7) | (18.9) | (23.1) | (19.0) | (19.0) | 22% | -18% | 0% |
| Amortization of Intangible Assets | (9.3) | (7.8) | (6.6) | (6.0) | (6.0) | (6.0) | (6.0) | (6.0) | (40.9) | (29.7) | (24.2) | (24.2) | -27% | -19% | 0% |
| **Adjusted Operating Income** | **11.1** | **12.9** | **14.8** | **18.0** | **14.6** | **16.6** | **18.9** | **21.6** | **35.5** | **56.9** | **71.6** | **106.3** | **60%** | **26%** | **48%** |
| Net Income/(Loss) | (12.9) | (1.5) | 2.5 | 10.6 | 4.1 | 6.0 | 8.1 | 10.6 | (22.0) | (1.2) | 28.9 | 60.9 | -95% | -2562% | 111% |
| Share-Based Compensation Expenses | (7.9) | (5.9) | (4.7) | (4.7) | (4.7) | (4.7) | (4.7) | (4.7) | (18.9) | (23.1) | (19.0) | (19.0) | 22% | -18% | 0% |
| Amortization of Intangible Assets | (9.3) | (7.8) | (6.6) | (6.0) | (6.0) | (6.0) | (6.0) | (6.0) | (40.9) | (29.7) | (24.2) | (24.2) | -27% | -19% | 0% |
| Tax Impact | 1.4 | 1.2 | 1.0 | 4.5 | 1.7 | 1.7 | 1.7 | 1.7 | 6.0 | 8.1 | 6.6 | 6.6 | 35% | -18% | 0% |
| **Adjusted Net Income** | **2.9** | **11.1** | **12.8** | **16.8** | **13.3** | **15.1** | **17.3** | **19.8** | **31.9** | **43.6** | **65.4** | **97.5** | **37%** | **50%** | **49%** |
| **Adjusted Earnings per share, diluted** | **$0.01** | **$0.04** | **$0.05** | **$0.07** | **$0.05** | **$0.06** | **$0.07** | **$0.08** | **$0.13** | **$0.18** | **$0.27** | **$0.41** | **35%** | **53%** | **51%** |
| Weighted average shares outstanding, diluted | 242.2 | 253.6 | 246.4 | 243.6 | 242.4 | 241.4 | 240.4 | 239.5 | 243.2 | 246.4 | 240.9 | 238.0 | 1% | -2% | -1% |

Source: Company reports and Zacks SCR estimates and calculations.

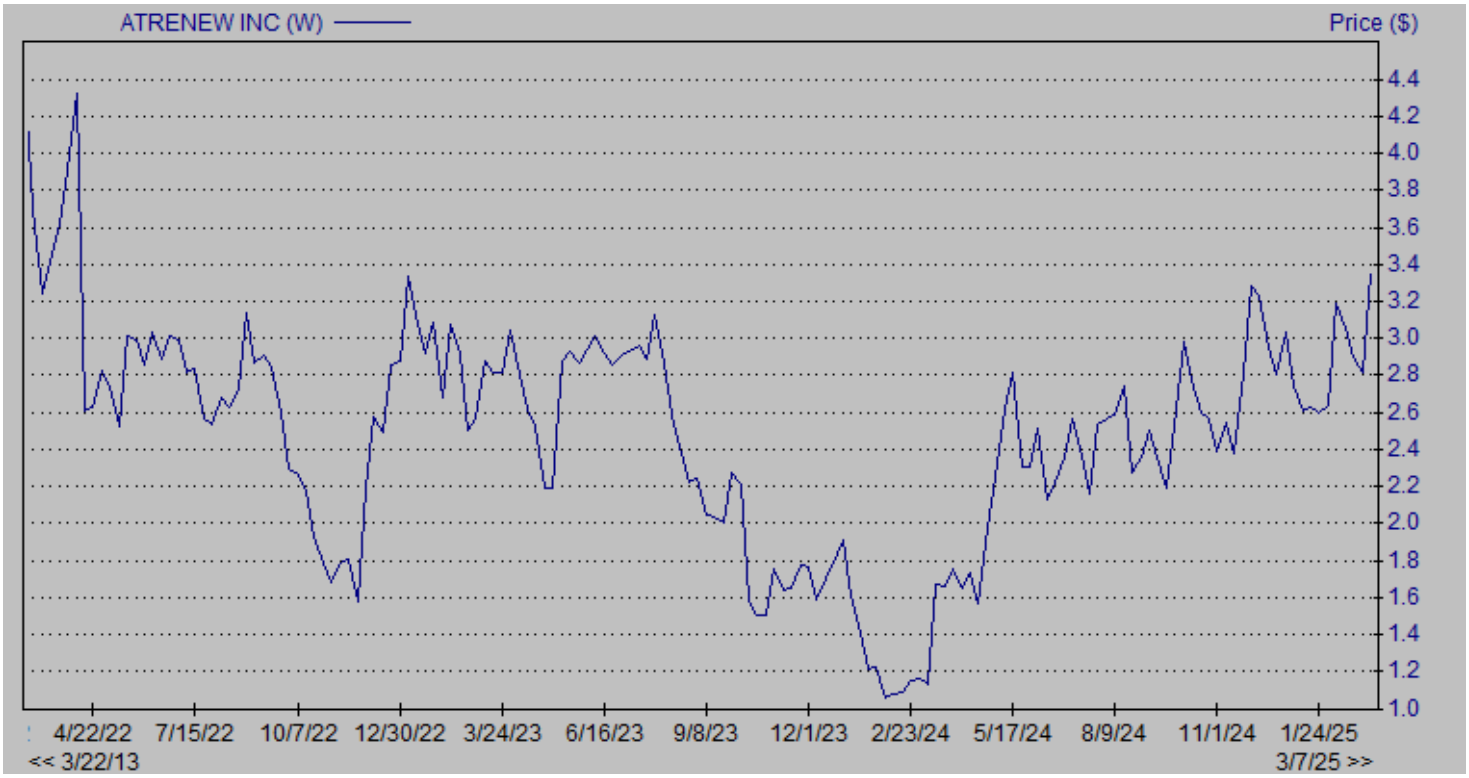
## PROJECTED BALANCE SHEET (RMB)

**ATRenew Inc.**
**(RMB in millions)**

| | Quarterly | | | | | | | | Annual | | | | Y/Y Growth | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q24 | 2Q24 | 3Q24 | 4Q24 | 1Q25E | 2Q25E | 3Q25E | 4Q25E | 2023 | 2024 | 2025E | 2026E | 2024 | 2025E | 2026E |
| | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 | Dec-25 | Dec-23 | Dec-24 | Dec-25 | Dec-26 | Dec-24 | Dec-25 | Dec-26 |
| Assets | | | | | | | | | | | | | | | |
| Current Assets: | | | | | | | | | | | | | | | |
| Cash and cash equivalents | 1,609.9 | 1,643.0 | 1,347.3 | 1,970.2 | 1,989.9 | 2,009.8 | 2,029.9 | 2,050.2 | 1,978.7 | 1,970.2 | 2,050.2 | 2,132.2 | 0% | 4% | 4% |
| Restricted cash | 232.0 | 232.0 | 132.0 | 132.0 | 133.3 | 134.7 | 136.0 | 137.4 | 210.0 | 132.0 | 137.4 | 142.9 | -37% | 4% | 4% |
| Short-term investments | 472.7 | 637.7 | 630.1 | 583.8 | 589.6 | 595.5 | 601.5 | 607.5 | 410.5 | 583.8 | 607.5 | 631.8 | 42% | 4% | 4% |
| Amount due from related parties, net | 139.6 | 179.7 | 218.8 | 117.2 | 118.3 | 119.5 | 120.7 | 121.9 | 89.6 | 117.2 | 121.9 | 126.8 | 31% | 4% | 4% |
| Inventories | 847.7 | 660.0 | 678.0 | 535.1 | 545.8 | 556.7 | 567.8 | 579.2 | 1,017.2 | 535.1 | 579.2 | 625.5 | -47% | 8% | 8% |
| Funds receivable from third party payment se | 285.3 | 256.0 | 241.0 | 233.1 | 235.5 | 237.8 | 240.2 | 242.6 | 253.1 | 233.1 | 242.6 | 252.3 | -8% | 4% | 4% |
| Prepayments and other receivables, net | 633.8 | 600.5 | 754.6 | 598.0 | 604.0 | 610.1 | 616.2 | 622.3 | 567.6 | 598.0 | 622.3 | 647.2 | 5% | 4% | 4% |
| Total Current Assets | 4,221.1 | 4,208.9 | 4,001.9 | 4,169.4 | 4,216.4 | 4,264.0 | 4,312.2 | 4,361.0 | 4,526.7 | 4,169.4 | 4,361.0 | 4,558.6 | -8% | 5% | 5% |
| Non-Current Assets: | | | | | | | | | | | | | | | |
| Amount due from related parties, net, non-cu | 40.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | NM | NM | NM |
| Long-term investments | 482.0 | 554.5 | 558.2 | 556.1 | 567.3 | 578.6 | 590.2 | 602.0 | 467.1 | 556.1 | 602.0 | 650.1 | 19% | 8% | 8% |
| Property and equipment, net | 150.1 | 145.7 | 159.2 | 156.5 | 159.7 | 162.9 | 166.1 | 169.4 | 148.2 | 156.5 | 169.4 | 183.0 | 6% | 8% | 8% |
| Intangible assets, net | 203.7 | 146.9 | 100.5 | 56.6 | 50.9 | 45.8 | 41.3 | 37.1 | 270.6 | 56.6 | 37.1 | 22.3 | -79% | -34% | -40% |
| Other non-current assets | 74.4 | 67.1 | 149.1 | 152.1 | 155.1 | 158.2 | 161.4 | 164.6 | 80.4 | 152.1 | 164.6 | 177.8 | 89% | 8% | 8% |
| Total Non-Current Assets | 950.3 | 914.1 | 967.1 | 921.4 | 933.0 | 945.5 | 959.0 | 973.2 | 966.4 | 921.4 | 973.2 | 1,033.2 | -5% | 6% | 6% |
| **Total Assets** | **5,171.3** | **5,123.0** | **4,969.0** | **5,090.7** | **5,149.4** | **5,209.6** | **5,271.2** | **5,334.2** | **5,493.1** | **5,090.7** | **5,334.2** | **5,591.9** | **-7%** | **5%** | **5%** |
| Liabilities | | | | | | | | | | | | | | | |
| Current Liabilities: | | | | | | | | | | | | | | | |
| Short-term borrowings | 560.4 | 465.4 | 307.3 | 225.0 | 225.0 | 225.0 | 225.0 | 225.0 | 349.9 | 225.0 | 225.0 | 225.0 | -36% | 0% | 0% |
| Accounts payable | 133.8 | 73.2 | 105.3 | 171.4 | 174.8 | 178.3 | 181.8 | 185.5 | 532.3 | 171.4 | 185.5 | 200.3 | -68% | 8% | 8% |
| Contract liabilities | 87.0 | 176.5 | 81.6 | 98.8 | 99.8 | 100.8 | 101.8 | 102.8 | 119.7 | 98.8 | 102.8 | 107.0 | -17% | 4% | 4% |
| Accrued expenses and other current liabilitie | 448.1 | 435.5 | 478.1 | 522.4 | 527.6 | 532.9 | 538.2 | 543.6 | 465.1 | 522.4 | 543.6 | 565.3 | 12% | 4% | 4% |
| Accrued payroll and welfare | 105.6 | 125.3 | 148.9 | 179.7 | 183.3 | 187.0 | 190.7 | 194.5 | 146.4 | 179.7 | 194.5 | 210.1 | 23% | 8% | 8% |
| Amount due to related parties | 85.3 | 132.8 | 116.3 | 109.7 | 110.8 | 111.9 | 113.1 | 114.2 | 78.0 | 109.7 | 114.2 | 118.8 | 41% | 4% | 4% |
| Total Current Liabilities | 1,420.3 | 1,408.7 | 1,237.5 | 1,307.0 | 1,321.3 | 1,335.9 | 1,350.6 | 1,365.6 | 1,691.5 | 1,307.0 | 1,365.6 | 1,426.4 | -23% | 4% | 4% |
| Non-Current Liabilities: | | | | | | | | | | | | | | | |
| Operating lease liabilities, non-current | 17.8 | 14.9 | 80.4 | 79.9 | 81.5 | 83.2 | 84.8 | 86.5 | 22.5 | 79.9 | 86.5 | 93.4 | 255% | 8% | 8% |
| Deferred tax liabilities | 57.6 | 49.1 | 42.1 | 9.2 | 8.3 | 7.5 | 6.7 | 6.1 | 67.7 | 9.2 | 6.1 | 3.6 | -86% | -34% | -40% |
| Total Non-Current Liabilities | 75.4 | 64.0 | 122.5 | 89.2 | 89.9 | 90.7 | 91.6 | 92.6 | 90.2 | 89.2 | 92.6 | 97.1 | -1% | 4% | 5% |
| **Total Liabilities** | **1,495.7** | **1,472.7** | **1,360.0** | **1,396.2** | **1,411.2** | **1,426.5** | **1,442.2** | **1,458.2** | **1,781.6** | **1,396.2** | **1,458.2** | **1,523.5** | **-22%** | **4%** | **4%** |
| **Total Shareholders' Equity** | **3,675.7** | **3,650.3** | **3,609.0** | **3,694.6** | **3,738.2** | **3,783.1** | **3,829.0** | **3,876.0** | **3,711.5** | **3,694.6** | **3,876.0** | **4,068.3** | **0%** | **5%** | **5%** |
| **Total Liabilities & Shareholders' Equity** | **5,171.3** | **5,123.0** | **4,969.0** | **5,090.7** | **5,149.4** | **5,209.6** | **5,271.2** | **5,334.2** | **5,493.1** | **5,090.7** | **5,334.2** | **5,591.9** | **-7%** | **5%** | **5%** |

Source: Company reports and Zacks SCR estimates and calculations.

## HISTORICAL STOCK PRICE




© Copyright 2025, Zacks Investment Research. All Rights Reserved.

## DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, Michael Kim, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.
Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.
SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover. SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer. Therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.