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Zacks Small-Cap Research

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ATRenew Inc. (RERE-NYSE)

RERE: 1Q25 Earnings – EPS Strength Beneath the Surface; Rising Trade-In Activity Increasingly Driving Growth

ATRenew reported net income of $5.9 million for 1Q25, or $0.02 per ADS. Adjusted EPS came in at $0.04, or a penny shy of our $0.05 estimate, as more favorable revenues/operating income were offset by lower non-GAAP addbacks. Tweaking our 2025 and 2026 adjusted EPS estimates from $0.27/$0.41 to $0.22/$0.42. No change to our $5.00 price target.

Current Price (5/19/25)	$2.84
Valuation	**$5.00**

OUTLOOK

Key 1Q25 takeaways include: 1) rising trade-in activity continues to drive growth, powerful lead indicators around ongoing government subsidies on new mobile phones, accelerating momentum with JD.com, and continued growth in AHS offline stores; 2) more recent initiatives to enhance AHS Recycle's brand, with a focus on the company's comprehensive suite of services and competitive pricing, likely further stimulates growth in 1P business volumes and related contributions; and 3) while management remains focused on reinvesting in the business to further accelerate top line growth, we look for senior officials to increasingly return excess capital to shareholders as profitability continues to scale via ongoing share repurchases and the potential for introducing a regular quarterly dividend in the not-too-distant future.

SUMMARY DATA

52-Week High	**$3.70**
52-Week Low	**$2.00**
One-Year Return (%)	**0.35**
Beta	**N/A**
Average Daily Volume (sh)	**1,038,886**
Shares Outstanding (mil)c	**244**
Market Capitalization ($mil)	**$693**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**37**
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	**14.2**
P/E using 2025 Estimate	**12.9**
P/E using 2026 Estimate	**6.8**

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	641 A	665 E	725 E	793 E	2,824 E
2026					3,508 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	$0.04 A	$0.05 E	$0.06 E	$0.07 E	$0.22 E
2026					$0.42 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.

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1Q25 EARNINGS: ADJUSTED OPERATING INCOME BEAT ON HIGHER REVENUES AND OPERATING INCOME

Pre-market open on 5/20/25, ATRenew reported 1Q25 earnings results. On a GAAP basis, RERE reported net income of $5.9 million for 1Q25, or $0.02 per ADS (Exhibit 1). That said, excluding non-cash share-based compensation and intangible assets amortization expenses, adjusted EPS came in at $0.04, or a penny shy of our $0.05 estimate (Exhibit 2). Relative to our model, more favorable revenue and operating income were offset by lower non-GAAP addbacks (share-based compensation and intangible amortization).

Focusing on the top line, total revenue of RMB 4,653 million ($641.3 million) came in slightly above the high point of management's prior guidance range and 1.0% above our RMB 4,616 million ($635.8 million) estimate on accelerating sales activity.

Total expenses of RMB 4,581 million ($631.2 million) were right in line with our RMB 4,589 million ($632.0 million) estimate. Higher fulfillment, selling and marketing, and other operating income costs were offset by lower merchandise and G&A expenses.

Exhibit 1: 1Q25 GAAP Actual vs. Estimates
($ millions)

	1Q25		Change	
	Actual	Estimate	$	%
Revenues				
Net product revenues	587.6	582.4	5.1	0.9%
Net service revenues	53.7	53.4	0.3	0.6%
Total Net Revenues	**641.3**	**635.8**	**5.5**	0.9%
Expenses				
Merchandise costs	(498.3)	(509.6)	11.3	-2.2%
Fulfillment expenses	(59.0)	(51.7)	(7.2)	14.0%
Selling and marketing expenses	(57.7)	(55.1)	(2.6)	4.7%
General and administrative expenses	(8.7)	(10.7)	1.9	-18.2%
Technology and content expenses	(7.6)	(6.9)	(0.7)	9.5%
Goodwill impairment loss	0.0	0.0	0.0	NM
Other operating income, net	0.0	2.1	(2.0)	-98.4%
Total Expenses	**(631.2)**	**(632.0)**	**0.8**	-0.1%
Operating Income/(Loss)	**10.0**	**3.8**	**6.2**	164.8%
Interest expense	(0.3)	(0.3)	0.1	-16.8%
Interest income	1.2	1.0	0.1	12.3%
Other income/(loss), net	(0.9)	0.0	(0.9)	NM
Pre-Tax Income/(Loss)	**10.0**	**4.5**	**5.5**	NM
Income tax benefits	(0.9)	(0.4)	(0.5)	NM
Share of loss in equity method investments	(3.3)	0.0	(3.3)	NM
Net Income/(Loss)	**5.9**	**4.1**	**1.8**	NM
Earnings per share, basic and diluted	**$0.02**	**$0.02**	**$0.01**	**NM**
Weighted avg shares out, basic and diluted	243.9	242.4	1.4	0.6%

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

Exhibit 2: 1Q25 Non-GAAP Actual vs. Estimates
($ millions)

	1Q25		Change	
	Actual	Estimate	$	%
Non-GAAP Reconciliations				
Operating Income/(Loss)	10.0	3.8	6.2	164.8%
Share-Based Compensation Expenses	(1.8)	(4.7)	3.0	-63.0%
Amortization of Intangible Assets	(3.6)	(6.0)	2.4	-39.6%
Adjusted Operating Income	**15.4**	**14.6**	**0.9**	5.8%
Net Income/(Loss)	5.9	4.1	1.8	NM
Share-Based Compensation Expenses	(1.8)	(4.7)	3.0	-63.0%
Amortization of Intangible Assets	(3.6)	(6.0)	2.4	-39.6%
Tax Impact	0.5	1.7	(1.1)	-66.9%
Adjusted Net Income	**10.8**	**13.3**	**(2.5)**	-19.0%
Adjusted Earnings per share, diluted	**$0.04**	**$0.05**	**($0.01)**	**-19.4%**
Weighted avg shares out, diluted	243.9	242.4	1.4	0.6%

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

KEY TAKEAWAYS

Following our review of 1Q25 results, we highlight the following key takeaways:

1. **Rising trade-in activity driving growth:** AHS Recycle is ATRenew's Consumer-to-Business (C2B) platform that sources pre-owned consumer electronics from consumers looking to sell or trade-in devices through proprietary offline stores or online portals, as well as JD.com. The platform leverages proprietary inspection, grading, pricing, and logistics services, and subsequently sells products through either the Direct-to-Consumer (DTC) channel or via in-house PJT or Paipai B2B marketplaces. Related net product revenues in 1Q25 of $588 million were up 29% from 1Q24 (and 54% excluding lumpy Apple trade-in and international contributions), with much of the growth driven by online sales of high-quality pre-owned mobile phones sourced via trade-in activity. Going forward, we expect trade-in volumes to continue to trend higher reflecting several powerful drivers. First, government subsidies on new mobile phones likely enhance related sales, as well as growth in the supply of pre-owned devices. To the point, 1Q25 new smartphone shipments in China were up 9% year-over-year, with roughly 300 million new phones coming to market each year. Next, trade-in volumes through JD.com continue to grow reflecting accelerating sales of new devices and rising awareness of the recycling program. All that said, recycling/trade-in program penetration rates remain low, suggesting a long runway for incremental growth, as consumer adoption rates continue to rise. Finally, ATRenew maintained 1,886 AHS offline stores as of March 31, 2025, up from 1,428 a year ago, thereby further expanding the company's retail footprint.

2. **Building the brand:** A key driver to the more recent step up in product revenues centers on ongoing initiatives to enhance AHS Recycle's brand. More specifically, management recently launched media campaigns across channels/partnerships focused on promoting the company's comprehensive suite of services and competitive pricing. In addition, AHS Recycle introduced environmental initiatives in partnership with other consumer brands to raise awareness of recycling and the circular economy more broadly in conjunction with Earth Day. Improving awareness and loyalty of the AHS Recycle brand, with a focus on trade-in/recycling capabilities and customer service, likely further stimulates growth in 1P business volumes and related contributions.

3. **Accelerating capital management; dividend next?:** While management remains focused on reinvesting in the business to further accelerate top line growth, we look for senior officials to increasingly return excess capital to shareholders as profitability continues to scale. During 1Q25, management repurchased 400,000 American Depositary Shares (ADS's) at an average price of $3.00 per share translating into $1.2 million. Looking ahead, we expect senior executives to get more aggressive on the share repurchases front in 2Q25 given downward pressure on the stock in April. Furthermore, we anticipate the Board will renew the company's current $50 million authorization (~$23 million remaining) when exhausted.

   Stepping back, we would not be surprised if the Board declared a regular quarterly dividend in the not-too-distant future as a means of returning additional capital to shareholders in a more consistent manner. Our thinking is based on steadily rising adjusted net income and more opportunistic share repurchases. The introduction of a regular quarterly dividend enhances RERE's yield and opens the stock up to a wider investor base, thereby likely representing a meaningful catalyst for the shares.

TWEAKING ADJUSTED EPS ESTIMATES

After updating our model for 1Q25 actuals, we are refining our 2025 and 2026 adjusted EPS estimates from $0.27/$0.41 to $0.22/$0.42. Crosscurrents include: 1) the 1Q25 EPS miss; 2) steady revenue growth reflecting accelerating trade-in activity fueled by government subsidy programs (for 2Q25, senior officials anticipate total revenues to be in the range of RMB 4,710 million and RMB 4,810 million, or $653 million to $667 million at current FX rates, implying year-over-year growth of 25% to 27%); 3) a slightly more favorable expense outlook mostly a function of lower merchandise costs; and 4) less favorable non-operating trends.

VALUATION

We are leaving our 12-monht price target unchanged at $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 10.5x and 6.9x our 2025 and 2026 adjusted EPS estimates, respectively, RERE continues to trade at meaningful P/E discounts 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 $0.22 and $0.41, respectively, imply 27% year-over-year growth this year followed by 87% 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 modestly higher over time driven by rising operating leverage.

4. **Strong Capital Base to Fund Growth + Capital Return:** With RMB 2.78 billion ($383 million) of liquid assets as of March 31, 2025, 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	1Q25	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	4,263.7	4,370.3	4,807.3	5,288.0	11,658.3	14,844.4	18,729.3	23,411.6	27%	26%	25%
Net service revenues	341.3	374.9	379.0	388.7	389.8	424.7	420.3	425.3	1,307.5	1,484.0	1,660.1	1,882.2	13%	12%	13%
Total Net Revenues	**3,651.1**	**3,776.7**	**4,051.2**	**4,849.3**	**4,653.4**	**4,794.9**	**5,227.6**	**5,713.4**	**12,965.8**	**16,328.4**	**20,389.4**	**25,293.8**	**26%**	**25%**	**24%**
	27%	27%	24%	25%	27%	27%	29%	18%							
Expenses															
Merchandise costs	(2,947.8)	(2,990.6)	(3,242.8)	(3,905.1)	(3,615.9)	(3,706.0)	(4,076.6)	(4,484.2)	(10,338.9)	(13,086.4)	(15,882.7)	(19,853.0)	27%	21%	25%
Fulfillment expenses	(309.8)	(328.3)	(347.3)	(396.9)	(427.8)	(440.9)	(441.4)	(439.6)	(1,124.0)	(1,382.3)	(1,749.7)	(1,946.2)	23%	27%	11%
Selling and marketing expenses	(321.3)	(354.0)	(315.3)	(376.4)	(418.9)	(431.6)	(470.5)	(514.3)	(1,250.9)	(1,367.0)	(1,835.3)	(2,226.1)	9%	34%	21%
General and administrative expenses	(73.8)	(72.5)	(69.3)	(91.1)	(63.4)	(86.3)	(94.1)	(102.8)	(266.0)	(306.8)	(346.6)	(404.7)	15%	13%	17%
Technology and content expenses	(50.2)	(49.8)	(53.4)	(57.0)	(55.0)	(52.7)	(57.5)	(62.8)	(195.7)	(210.4)	(228.1)	(257.7)	8%	8%	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	0.2	0.0	0.0	0.0	36.3	53.4	0.2	0.0	47%	-100%	-100%
Total Expenses	**(3,694.5)**	**(3,782.3)**	**(4,026.4)**	**(4,796.2)**	**(4,580.8)**	**(4,717.5)**	**(5,140.2)**	**(5,603.8)**	**(13,139.1)**	**(16,299.4)**	**(20,042.2)**	**(24,687.7)**	**24%**	**23%**	**23%**
Operating Income/(Loss)	**(43.4)**	**(5.6)**	**24.9**	**53.1**	**72.7**	**77.4**	**87.5**	**109.6**	**(173.3)**	**29.0**	**347.2**	**606.1**	**-117%**	**1098%**	**75%**
Interest expense	(4.0)	(4.7)	(3.6)	(2.7)	(1.9)	(2.1)	(2.1)	(2.1)	(7.1)	(15.0)	(8.2)	(8.4)	113%	-46%	3%
Interest income	6.6	5.3	8.7	6.3	8.4	8.1	8.1	8.2	37.9	26.9	32.8	33.7	-29%	22%	3%
Other income/(loss), net	(41.4)	0.1	0.0	0.0	(6.5)	0.0	0.0	0.0	(5.9)	(41.3)	(6.5)	0.0	601%	-84%	-100%
Pre-Tax Income/(Loss)	**(82.2)**	**(5.0)**	**30.0**	**56.7**	**72.7**	**83.4**	**93.5**	**115.7**	**(148.4)**	**(0.4)**	**365.3**	**631.5**	**-100%**	**NM**	**73%**
Income tax benefits	10.0	8.5	5.9	32.3	(6.3)	(7.2)	(8.1)	(10.0)	42.5	56.9	(31.5)	(54.5)	34%	-155%	73%
Share of loss in equity method investments	(20.7)	(14.3)	(18.1)	(11.6)	(23.6)	(20.0)	(20.0)	(20.0)	(50.4)	(64.7)	(83.6)	0.0	28%	29%	-100%
Net Income/(Loss)	**(92.9)**	**(10.7)**	**17.9**	**77.4**	**42.8**	**56.2**	**65.5**	**85.7**	**(156.3)**	**(8.2)**	**250.2**	**577.0**	**-95%**	**NM**	**131%**
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	42.8	56.2	65.5	85.7	(147.4)	(0.9)	250.2	577.0	-99%	**NM**	131%
Earnings per share, basic and diluted	**(0.58)**	**(0.06)**	**0.11**	**0.48**	**0.26**	**0.35**	**0.41**	**0.54**	**(0.96)**	**(0.05)**	**1.55**	**3.64**	**-95%**	**-3186%**	**135%**
Weighted avg shares outstanding, diluted	161.5	166.6	164.3	162.4	162.6	161.6	160.8	159.9	162.2	163.7	161.2	158.4	1%	-1%	-2%
Non-GAAP Reconciliations															
Operating Income/(Loss)	(43.4)	(5.6)	24.9	53.1	72.7	77.4	87.5	109.6	(173.3)	29.0	347.2	606.1	-117%	1098%	75%
Share-Based Compensation Expenses	(56.6)	(42.9)	(32.8)	(34.4)	(12.7)	(12.7)	(12.7)	(12.7)	(134.4)	(166.7)	(50.9)	(50.9)	24%	-69%	0%
Amortization of Intangible Assets	(66.9)	(56.8)	(46.4)	(43.9)	(26.5)	(26.5)	(26.5)	(26.5)	(290.7)	(214.0)	(105.9)	(105.9)	-26%	-51%	0%
Adjusted Operating Income	**80.2**	**94.1**	**104.0**	**131.4**	**111.9**	**116.6**	**126.7**	**148.8**	**251.7**	**409.7**	**504.0**	**763.0**	**63%**	**23%**	**51%**
Net Income/(Loss)	(92.9)	(10.7)	17.9	77.4	42.8	56.2	65.5	85.7	(156.3)	(8.2)	250.2	577.0	-95%	-3140%	131%
Share-Based Compensation Expenses	(56.6)	(42.9)	(32.8)	(34.4)	(12.7)	(12.7)	(12.7)	(12.7)	(134.4)	(166.7)	(50.9)	(50.9)	24%	-69%	0%
Amortization of Intangible Assets	(66.9)	(56.8)	(46.4)	(43.9)	(26.5)	(26.5)	(26.5)	(26.5)	(290.7)	(214.0)	(105.9)	(105.9)	-26%	-51%	0%
Tax Impact	10.0	8.5	7.0	32.9	4.0	4.0	4.0	4.0	43.7	58.4	15.9	15.9	34%	-73%	0%
Adjusted Net Income	**20.6**	**80.5**	**90.1**	**122.9**	**78.0**	**91.4**	**100.7**	**121.0**	**225.2**	**314.1**	**391.1**	**718.0**	**39%**	**25%**	**84%**
Adjusted Earnings per share, diluted	**0.13**	**0.48**	**0.55**	**0.76**	**0.48**	**0.57**	**0.63**	**0.76**	**1.39**	**1.91**	**2.43**	**4.53**	**38%**	**27%**	**87%**
Weighted avg shares outstanding, diluted	161.5	169.1	164.3	162.4	162.6	161.6	160.8	159.9	162.2	164.3	161.2	158.4	1%	-2%	-2%

Source: Company reports and Zacks SCR estimates and calculations.

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PROJECTED INCOME STATEMENT (USD)

ATRenew Inc.
($ millions)

	Quarterly								Annual				Y/Y Growth		
	1Q24	2Q24	3Q24	4Q24	1Q25	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	587.6	606.2	666.8	733.5	1,642.0	2,060.9	2,594.0	3,247.3	26%	26%	25%
Net service revenues	47.3	51.6	54.0	53.3	53.7	58.9	58.3	59.0	184.2	206.1	229.9	261.1	12%	12%	14%
Total Net Revenues	**505.7**	**519.7**	**577.3**	**664.4**	**641.3**	**665.1**	**725.1**	**792.5**	**1,826.2**	**2,267.0**	**2,823.9**	**3,508.4**	**24%**	**25%**	**24%**
Expenses															
Merchandise costs	(408.3)	(411.5)	(462.1)	(535.0)	(498.3)	(514.0)	(565.4)	(622.0)	(1,456.2)	(1,816.9)	(2,199.8)	(2,753.7)	25%	21%	25%
Fulfillment expenses	(42.9)	(45.2)	(49.5)	(54.4)	(59.0)	(61.1)	(61.2)	(61.0)	(158.3)	(191.9)	(242.3)	(269.9)	21%	26%	11%
Selling and marketing expenses	(44.5)	(48.7)	(44.9)	(51.6)	(57.7)	(59.9)	(65.3)	(71.3)	(176.2)	(189.7)	(254.2)	(308.8)	8%	34%	21%
General and administrative expenses	(10.2)	(10.0)	(9.9)	(12.5)	(8.7)	(12.0)	(13.1)	(14.3)	(37.5)	(42.6)	(48.0)	(56.1)	14%	13%	17%
Technology and content expenses	(7.0)	(6.9)	(7.6)	(7.8)	(7.6)	(7.3)	(8.0)	(8.7)	(27.6)	(29.2)	(31.6)	(35.7)	6%	8%	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	0.0	0.0	0.0	0.0	5.1	7.4	0.0	0.0	44%	-100%	-100%
Total Expenses	**(511.7)**	**(520.5)**	**(573.8)**	**(657.1)**	**(631.2)**	**(654.3)**	**(713.0)**	**(777.3)**	**(1,850.6)**	**(2,263.0)**	**(2,775.8)**	**(3,424.3)**	**22%**	**23%**	**23%**
Operating Income/(Loss)	**(6.0)**	**(0.8)**	**3.5**	**7.3**	**10.0**	**10.7**	**12.1**	**15.2**	**(24.4)**	**4.0**	**48.1**	**84.1**	**-117%**	**1091%**	**75%**
Interest expense	(0.6)	(0.7)	(0.5)	(0.4)	(0.3)	(0.3)	(0.3)	(0.3)	(1.0)	(2.1)	(1.1)	(1.2)	110%	-46%	3%
Interest income	0.9	0.7	1.2	0.9	1.2	1.1	1.1	1.1	5.3	3.7	4.5	4.7	-30%	21%	3%
Other income/(loss), net	(5.7)	0.0	0.0	0.0	(0.9)	0.0	0.0	0.0	(0.8)	(5.7)	(0.9)	0.0	589%	-84%	-100%
Pre-Tax Income/(Loss)	**(11.4)**	**(0.7)**	**4.3**	**7.8**	**10.0**	**11.6**	**13.0**	**16.0**	**(20.9)**	**(0.0)**	**50.6**	**87.6**	**-100%**	**NM**	**73%**
Income tax benefits	1.4	1.2	0.8	4.4	(0.9)	(1.0)	(1.1)	(1.4)	6.0	7.8	(4.4)	(7.6)	31%	-156%	73%
Share of loss in equity method investments	(2.9)	(2.0)	(2.6)	(1.6)	(3.3)	(2.8)	(2.8)	(2.8)	(7.1)	(9.0)	(11.6)	0.0	27%	29%	-100%
Net Income/(Loss)	**(12.9)**	**(1.5)**	**2.5**	**10.6**	**5.9**	**7.8**	**9.1**	**11.9**	**(22.0)**	**(1.2)**	**34.7**	**80.0**	**-95%**	**NM**	**131%**
Foreign currency translation adjustment	0.0	(0.0)	(1.0)	2.0	(0.1)	0.0	0.0	0.0	1.3	1.0	(0.1)	0.0	-23%	-114%	-100%
Net comprehensive loss	(12.8)	(1.5)	1.5	12.6	5.8	7.8	9.1	11.9	(20.8)	(0.2)	34.5	80.0	-99%	**NM**	132%
Earnings per share, basic and diluted	**($0.05)**	**($0.01)**	**$0.01**	**$0.04**	**$0.02**	**$0.03**	**$0.04**	**$0.05**	**($0.09)**	**($0.00)**	**$0.14**	**$0.34**	**-95%**	**-3103%**	**135%**
Weighted average shares outstanding, basic an	242.2	249.9	246.4	243.6	243.9	242.5	241.2	239.9	243.2	245.5	241.8	237.7	1%	-1%	-2%
Non-GAAP Reconciliations															
Operating Income/(Loss)	(6.0)	(0.8)	3.5	7.3	10.0	10.7	12.1	15.2	(24.4)	4.0	48.1	84.1	-117%	1091%	75%
Share-Based Compensation Expenses	(7.9)	(5.9)	(4.7)	(4.7)	(1.8)	(1.8)	(1.8)	(1.8)	(18.9)	(23.1)	(7.1)	(7.1)	22%	-70%	0%
Amortization of Intangible Assets	(9.3)	(7.8)	(6.6)	(6.0)	(3.6)	(3.7)	(3.7)	(3.7)	(40.9)	(29.7)	(14.7)	(14.7)	-27%	-51%	0%
Adjusted Operating Income	**11.1**	**12.9**	**14.8**	**18.0**	**15.4**	**16.2**	**17.6**	**20.6**	**35.5**	**56.9**	**69.8**	**105.8**	**60%**	**23%**	**52%**
Net Income/(Loss)	(12.9)	(1.5)	2.5	10.6	5.9	7.8	9.1	11.9	(22.0)	(1.2)	34.7	80.0	-95%	-3058%	131%
Share-Based Compensation Expenses	(7.9)	(5.9)	(4.7)	(4.7)	(1.8)	(1.8)	(1.8)	(1.8)	(18.9)	(23.1)	(7.1)	(7.1)	22%	-70%	0%
Amortization of Intangible Assets	(9.3)	(7.8)	(6.6)	(6.0)	(3.6)	(3.7)	(3.7)	(3.7)	(40.9)	(29.7)	(14.7)	(14.7)	-27%	-51%	0%
Tax Impact	1.4	1.2	1.0	4.5	0.5	0.6	0.6	0.6	6.0	8.1	2.2	2.2	35%	-73%	0%
Adjusted Net Income	**2.9**	**11.1**	**12.8**	**16.8**	**10.8**	**12.7**	**14.0**	**16.8**	**31.9**	**43.6**	**54.2**	**99.6**	**37%**	**24%**	**84%**
Adjusted Earnings per share, diluted	**$0.01**	**$0.04**	**$0.05**	**$0.07**	**$0.04**	**$0.05**	**$0.06**	**$0.07**	**$0.13**	**$0.18**	**$0.22**	**$0.42**	**35%**	**27%**	**87%**
Weighted average shares outstanding, diluted	242.2	253.6	246.4	243.6	243.9	242.5	241.2	239.9	243.2	246.4	241.8	237.7	1%	-2%	-2%

Source: Company reports and Zacks SCR estimates and calculations.

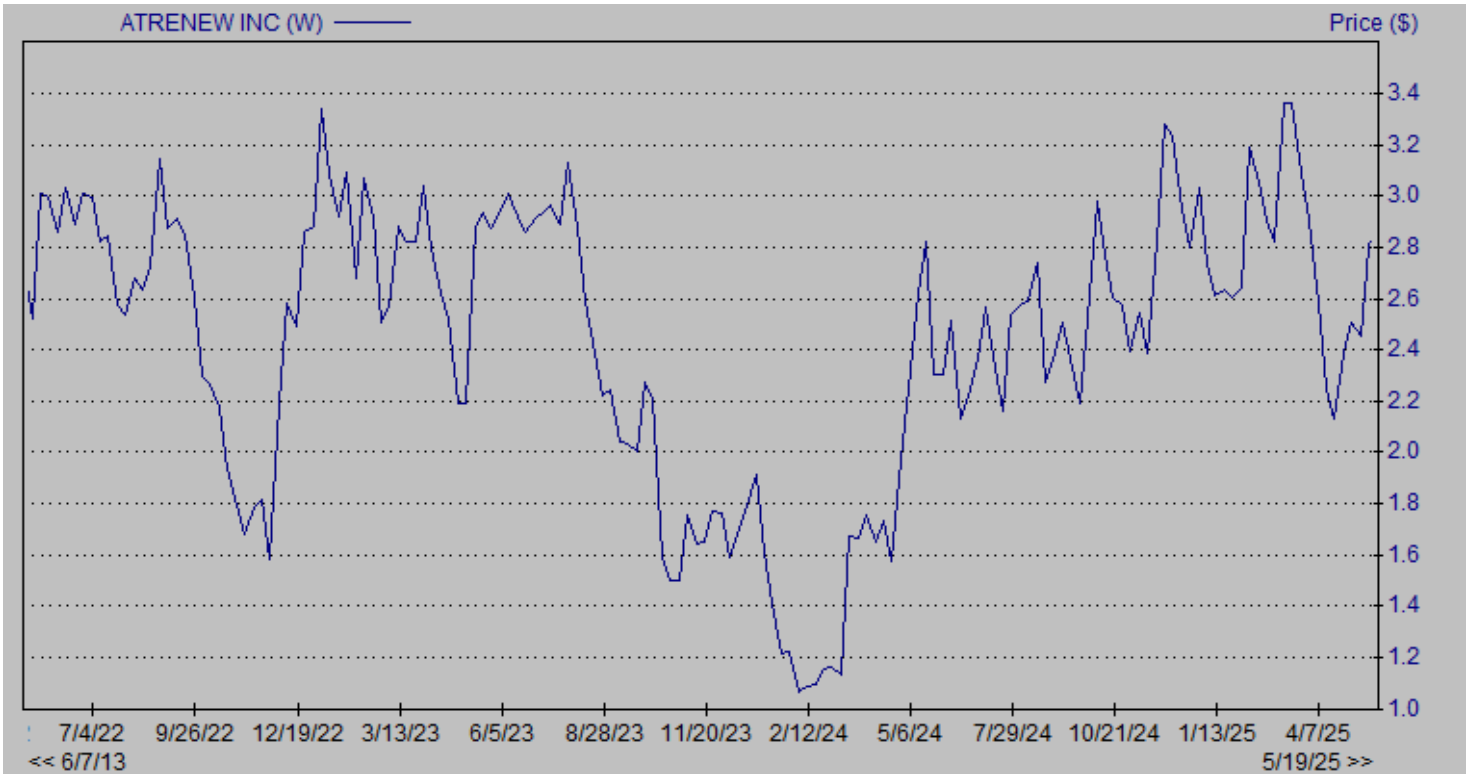
PROJECTED BALANCE SHEET (RMB)

ATRenew Inc.
(RMB in millions)

	Quarterly								Annual				Y/Y Growth		
	1Q24	2Q24	3Q24	4Q24	1Q25	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	1,809.2	1,827.3	1,845.5	1,864.0	1,978.7	1,970.2	1,864.0	1,938.5	0%	-5%	4%
Restricted cash	232.0	232.0	132.0	132.0	100.0	101.0	102.0	103.0	210.0	132.0	103.0	107.2	-37%	-22%	4%
Short-term investments	472.7	637.7	630.1	583.8	577.9	583.7	589.5	595.4	410.5	583.8	595.4	619.2	42%	2%	4%
Amount due from related parties, net	139.6	179.7	218.8	117.2	253.3	255.8	258.4	261.0	89.6	117.2	261.0	271.4	31%	123%	4%
Inventories	847.7	660.0	678.0	535.1	736.2	750.9	766.0	781.3	1,017.2	535.1	781.3	843.8	-47%	46%	8%
Funds receivable from third party payment se	285.3	256.0	241.0	233.1	294.3	297.2	300.2	303.2	253.1	233.1	303.2	315.3	-8%	30%	4%
Prepayments and other receivables, net	633.8	600.5	754.6	598.0	699.1	706.0	713.1	720.2	567.6	598.0	720.2	749.0	5%	20%	4%
Total Current Assets	4,221.1	4,208.9	4,001.9	4,169.4	4,469.9	4,522.0	4,574.7	4,628.1	4,526.7	4,169.4	4,628.1	4,844.5	-8%	11%	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	523.3	533.8	544.5	555.4	467.1	556.1	555.4	599.8	19%	0%	8%
Property and equipment, net	150.1	145.7	159.2	156.5	177.4	180.9	184.6	188.3	148.2	156.5	188.3	203.3	6%	20%	8%
Intangible assets, net	203.7	146.9	100.5	56.6	30.1	27.1	24.4	22.0	270.6	56.6	22.0	13.2	-79%	-61%	-40%
Other non-current assets	74.4	67.1	149.1	152.1	155.0	158.1	161.2	164.4	80.4	152.1	164.4	177.6	89%	8%	8%
Total Non-Current Assets	950.3	914.1	967.1	921.4	885.8	899.9	914.6	930.0	966.4	921.4	930.0	993.9	-5%	1%	7%
Total Assets	**5,171.3**	**5,123.0**	**4,969.0**	**5,090.7**	**5,355.7**	**5,421.9**	**5,489.3**	**5,558.1**	**5,493.1**	**5,090.7**	**5,558.1**	**5,838.4**	**-7%**	**9%**	**5%**
Liabilities															
Current Liabilities:															
Short-term borrowings	560.4	465.4	307.3	225.0	281.0	281.0	281.0	281.0	349.9	225.0	281.0	281.0	-36%	25%	0%
Accounts payable	133.8	73.2	105.3	171.4	152.5	155.5	158.7	161.8	532.3	171.4	161.8	174.8	-68%	-6%	8%
Contract liabilities	87.0	176.5	81.6	98.8	228.3	230.5	232.9	235.2	119.7	98.8	235.2	244.6	-17%	138%	4%
Accrued expenses and other current liabilitie	448.1	435.5	478.1	522.4	563.4	569.0	574.7	580.5	465.1	522.4	580.5	603.7	12%	11%	4%
Accrued payroll and welfare	105.6	125.3	148.9	179.7	167.4	170.7	174.1	177.6	146.4	179.7	177.6	191.8	23%	-1%	8%
Amount due to related parties	85.3	132.8	116.3	109.7	139.8	141.2	142.6	144.0	78.0	109.7	144.0	149.8	41%	31%	4%
Total Current Liabilities	1,420.3	1,408.7	1,237.5	1,307.0	1,532.3	1,548.0	1,563.9	1,580.1	1,691.5	1,307.0	1,580.1	1,645.6	-23%	21%	4%
Non-Current Liabilities:															
Operating lease liabilities, non-current	17.8	14.9	80.4	79.9	76.4	77.9	79.5	81.1	22.5	79.9	81.1	87.5	255%	1%	8%
Deferred tax liabilities	57.6	49.1	42.1	9.2	5.3	4.7	4.3	3.8	67.7	9.2	3.8	2.3	-86%	-58%	-40%
Total Non-Current Liabilities	75.4	64.0	122.5	89.2	81.7	82.7	83.7	84.9	90.2	89.2	84.9	89.8	-1%	-5%	6%
Total Liabilities	**1,495.7**	**1,472.7**	**1,360.0**	**1,396.2**	**1,614.0**	**1,630.7**	**1,647.7**	**1,665.0**	**1,781.6**	**1,396.2**	**1,665.0**	**1,735.5**	**-22%**	**19%**	**4%**
Total Shareholders' Equity	**3,675.7**	**3,650.3**	**3,609.0**	**3,694.6**	**3,741.8**	**3,791.2**	**3,841.7**	**3,893.1**	**3,711.5**	**3,694.6**	**3,893.1**	**4,102.9**	**0%**	**5%**	**5%**
Total Liabilities & Shareholders' Equity	**5,171.3**	**5,123.0**	**4,969.0**	**5,090.7**	**5,355.7**	**5,421.9**	**5,489.3**	**5,558.1**	**5,493.1**	**5,090.7**	**5,558.1**	**5,838.4**	**-7%**	**9%**	**5%**

Source: Company reports and Zacks SCR estimates and calculations.

HISTORICAL STOCK PRICE



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