

Zacks Small-Cap Research

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ATRenew Inc.

(RERE-NYSE)

RERE: 2Q25 Earnings – EPS Beat on Higher Revenue & Operating Margin; Core Business Firing on All Cylinders, Accelerating Capital Return

ATRenew reported net income of \$10.1 million for 2Q25, or \$0.04 per ADS. Adjusted EPS came in at \$0.06, or a penny ahead of our \$0.05 estimate primarily reflecting higher-than-expected revenues and operating income. Finetuning our 2025 and 2026 adjusted EPS estimates from \$0.22/\$0.42 to \$0.23/\$0.37. As a result of a lower risk profile reflecting building scale and diversification, we are taking up our DCF-derived price target from \$5.00 to \$7.00.

Current Price (8/19/25) **\$4.64**
Valuation **\$7.00**

OUTLOOK

Key 2Q25 takeaways include: 1) RERE remains well positioned to increasingly capitalize on national subsidies on new mobile phones, particularly in light of key trade-in programs with JD.com and Apple, with senior officials continuing to source similar partnerships with other consumer electronics brands and e-commerce platforms to drive broader recycling/trade-in activity; 2) management remains committed to further expanding the retail footprint, as well as the underlying product mix, to enhance supply chain/recycling capabilities, with ongoing upgrades to RERE's fulfillment capabilities driving reduced transaction times, improving customer experiences, enhanced AHS Recycle brand loyalty, and rising revenue contributions; and 3) in light of steadily rising adjusted net income and more opportunistic share repurchases, the Board recently approved a three-year shareholder return plan centered on allocating at least 60% of annual adjusted net income to dividends and/or share repurchases, with this year's allocation likely skewed more in favor of a special dividend in March 2026.

SUMMARY DATA

52-Week High **\$4.89**
52-Week Low **\$2.00**
One-Year Return (%) **63.38**
Beta **N/A**
Average Daily Volume (sh) **2,361,546**

Shares Outstanding (mil)c **244**
Market Capitalization (\$mil) **\$1,132**
Short Interest Ratio (days) **N/A**
Institutional Ownership (%) **34**
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 **21.1**
P/E using 2025 Estimate **20.2**
P/E using 2026 Estimate **12.5**

Risk Level
Type of Stock
Industry
Average
Small-Growth
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	697 A	711 E	859 E	2,907 E
2026					3,644 E

Adjusted Net Income/American Depositary Shares¹

	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	\$0.06 A	\$0.06 E	\$0.08 E	\$0.23 E
2026					\$0.37 E

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

2Q25 EARNINGS: EPS BEAT ON HIGHER REVENUES AND OPERATING MARGIN

Pre-market open on 8/20/25, ATRenew reported 2Q25 earnings results. On a GAAP basis, RERE reported net income of \$10.1 million for 2Q25, 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 \$0.06, or a penny above our \$0.05 estimate (Exhibit 2). Relative to our model, the bottom-line beat was mostly a function of higher-than-expected revenue and operating income.

Focusing on the top line, total revenue of RMB 4,992 million (\$696.8 million) came in above the high point of management's prior guidance range (RMB 4,710 million to RMB 4,810 million) and 4% above our RMB 4,795 million (\$669.3 million) estimate on accelerating online sales of pre-owned consumer electronics.

Total expenses of RMB 4,900 million (\$684.1 million) were higher than our RMB 4,718 million (\$658.5 million) estimate. Despite lower fulfillment, selling & marketing, and G&A expenses, higher than anticipated merchandise costs (mostly a function of the step up in sales during the quarter) drove the unfavorable variance.

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

	2Q25		Change	
	Actual	Estimate	\$	%
<u>Revenues</u>				
Net product revenues	636.4	606.2	30.2	5.0%
Net service revenues	60.4	58.9	1.5	2.6%
Total Net Revenues	696.8	665.1	31.7	4.8%
<u>Expenses</u>				
Merchandise costs	(552.5)	(514.0)	(38.4)	7.5%
Fulfillment expenses	(57.7)	(61.1)	3.4	-5.6%
Selling and marketing expenses	(56.8)	(59.9)	3.1	-5.1%
General and administrative expenses	(10.8)	(12.0)	1.1	-9.6%
Technology and content expenses	(8.7)	(7.3)	(1.4)	19.2%
Goodwill impairment loss	0.0	0.0	0.0	NM
Other operating income, net	2.5	0.0	2.5	NM
Total Expenses	(684.1)	(654.3)	(29.7)	4.5%
Operating Income/(Loss)	12.7	10.7	2.0	18.4%
Interest expense	(0.2)	(0.3)	0.0	-16.3%
Interest income	0.8	1.1	(0.3)	-30.3%
Other income/(loss), net	0.7	0.0	0.7	NM
Pre-Tax Income/(Loss)	13.9	11.6	2.3	NM
Income tax benefits	(2.4)	(1.0)	(1.4)	NM
Share of loss in equity method investments	(1.4)	(2.8)	1.4	-49.5%
Net Income/(Loss)	10.1	7.8	2.3	NM
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Earnings per share, basic and diluted	\$0.04	\$0.03	\$0.01	NM
Weighted avg shares out, basic and diluted	243.9	242.5	1.4	0.6%

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

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

	2Q25		Change	
	Actual	Estimate	\$	%
<u>Non-GAAP Reconciliations</u>				
Operating Income/(Loss)	12.7	10.7	2.0	18.4%
Share-Based Compensation Expenses	(1.7)	(1.8)	0.0	-2.4%
Amortization of Intangible Assets	(2.5)	(3.7)	1.2	-31.9%
Adjusted Operating Income	16.9	16.2	0.8	4.7%
Net Income/(Loss)	10.1	7.8	2.3	NM
Share-Based Compensation Expenses	(1.7)	(1.8)	0.0	-2.4%
Amortization of Intangible Assets	(2.5)	(3.7)	1.2	-31.9%
Tax Impact	0.4	0.6	(0.2)	-31.9%
Adjusted Net Income	13.9	12.7	1.3	9.9%
Adjusted Earnings per share, diluted	\$0.06	\$0.05	\$0.00	9.3%
Weighted avg shares out, diluted	243.9	242.5	1.4	0.6%

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

KEY TAKEAWAYS

Following our review of 2Q25 results, we highlight the following key takeaways:

- 1. Expanding retail footprint/fulfillment capabilities:** During the quarter, RERE opened 206 new locations bringing the company's nationwide network of AHS stores to 2,092 as of June 30, 2025. Looking ahead, management remains committed to further expanding the retail footprint, as well as the underlying product mix, to enhance supply chain/recycling capabilities. Stepping back, recycling penetration rates for pre-owned consumer electronics in China remain in the single-digit range compared to over 30% across most other developed nations suggesting considerable growth assuming more comparable percentages. From a fulfillment perspective, ongoing upgrades to RERE's door-to-door capabilities continue to drive reduced transaction times, improving customer experiences, enhanced AHS Recycle brand loyalty, and rising revenue contributions. Indeed, 1PtoC retail revenue grew 64% on a year-over-year basis and represented nearly 35% of total net product revenue in 2Q25.
- 2. Trade-in tailwinds:** Continuing the more recent trend, much of the revenue growth in 2Q25 related to accelerating online sales of high-quality pre-owned mobile phones sourced via trade-in activity. To be sure, the government's focus on stimulating domestic spending and related subsidies on new mobile phones continue to spur recycling and trade-in business more broadly. Related growth remains strong, and beyond a more favorable macro backdrop, RERE maintains durable competitive advantages including the company's differentiated trade-in capabilities/services, particularly as it relates to key strategic programs with JD.com and Apple. Importantly, Apple provides brand-funded incentives for trade-ins, as new iPhone prices typically exceed national subsidy limits. Finally, senior officials remain focused on partnering with other consumer electronics brands and e-commerce platforms to drive broader recycling/trade-in activity.
- 3. Accelerating capital management:** During 2Q25, management repurchased 1.6 million American Depositary Shares (ADS's) at an average price of \$2.50 per share translating into \$4.0 million. As expected, the Board recently authorized a new \$50 million share repurchase authorization expiring 6/30/26. Looking ahead, the Board recently approved a three-year shareholder return plan, with a commitment to allocate at least 60% of annual adjusted net income to dividends and/or share repurchases. The Board maintains discretion as it relates to the amount, underlying mix, and timing of shareholder returns. Put another way, if the stock continues to appreciate, we would expect dividends to account for a greater percentage of the \$34 million allocation this year (60% of our adjusted net income estimate of \$56.5 million for 2025). As discussed in prior research, we anticipated a more consistent/predictable capital return approach given the company's steadily rising adjusted net income and more opportunistic share repurchases.

REFINING ADJUSTED EPS ESTIMATES

After updating our model for 2Q25 actuals, we are fine-tuning our 2025 and 2026 adjusted EPS estimates from \$0.22/\$0.42 to \$0.23/\$0.37. Crosscurrents include: 1) the 2Q25 EPS beat; 2) higher revenue growth reflecting accelerating trade-in activity fueled by government subsidy programs (for 3Q25, senior officials anticipate total revenues to be in the range of RMB 5,050 million and RMB 5,150 million, or \$703 million to \$717 million at current FX rates, implying year-over-year growth of 25% to 27%); 3) a slightly more conservative margin outlook, as management remains focused on reinvesting in the business to enhance sustainable growth; and 4) a modestly higher share count, with capital return more skewed toward dividends as opposed to buybacks.

VALUATION

As a result of incorporating a lower discount rate in our DCF model, we are raising our price target from \$5.00 to \$7.00 implying considerable upside potential from current levels. Our thinking is based on RERE's lower risk profile in light of building scale and diversification reflecting ongoing initiatives to further broaden the company's product, distribution, and geographic footprints.

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. Despite the recent runup in the shares, 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.

As a crosscheck, we analyzed peer valuation multiples to corroborate our DCF-based price target. At 12.5x our 2026 adjusted EPS estimate, 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.

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 \$0.23 and \$0.37, respectively, imply 31% year-over-year growth this year followed by 61% 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 2.35 billion (\$328 million) of liquid assets as of June 30, 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 Mar-24	2Q24 Jun-24	3Q24 Sep-24	4Q24 Dec-24	1Q25 Mar-25	2Q25 Jun-25	3Q25E Sep-25	4Q25E Dec-25	2023 Dec-23	2024 Dec-24	2025E Dec-25	2026E Dec-26	2024 Dec-24	2025E Dec-25	2026E Dec-26
Revenues															
Net product revenues	3,309.8	3,401.8	3,672.2	4,460.6	4,263.7	4,558.7	4,672.7	5,724.0	11,658.3	14,844.4	19,219.0	24,216.0	27%	29%	26%
Net service revenues	341.3	374.9	379.0	388.7	389.8	432.8	432.6	442.0	1,307.5	1,484.0	1,697.1	1,956.0	13%	14%	15%
Total Net Revenues	3,651.1	3,776.7	4,051.2	4,849.3	4,653.4	4,991.5	5,105.2	6,166.0	12,965.8	16,328.4	20,916.2	26,172.0	26%	28%	25%
	27%	27%	24%	25%	27%	32%	26%	27%							
Expenses															
Merchandise costs	(2,947.8)	(2,990.6)	(3,242.8)	(3,905.1)	(3,615.9)	(3,957.6)	(4,055.9)	(4,968.4)	(10,338.9)	(13,086.4)	(16,597.8)	(20,923.4)	27%	27%	26%
Fulfillment expenses	(309.8)	(328.3)	(347.3)	(396.9)	(427.8)	(413.6)	(397.5)	(433.9)	(1,124.0)	(1,382.3)	(1,672.9)	(1,841.6)	23%	21%	10%
Selling and marketing expenses	(321.3)	(354.0)	(315.3)	(376.4)	(418.9)	(406.9)	(416.1)	(456.4)	(1,250.9)	(1,367.0)	(1,698.2)	(2,072.6)	9%	24%	22%
General and administrative expenses	(73.8)	(72.5)	(69.3)	(91.1)	(63.4)	(77.5)	(79.3)	(95.8)	(266.0)	(306.8)	(315.9)	(395.3)	15%	3%	25%
Technology and content expenses	(50.2)	(49.8)	(53.4)	(57.0)	(55.0)	(62.5)	(63.9)	(77.2)	(195.7)	(210.4)	(258.5)	(323.5)	8%	23%	25%
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	17.6	0.0	0.0	36.3	53.4	17.9	19.3	47%	-67%	8%
Total Expenses	(3,694.5)	(3,782.3)	(4,026.4)	(4,796.2)	(4,580.8)	(4,900.4)	(5,012.7)	(6,031.6)	(13,139.1)	(16,299.4)	(20,525.5)	(25,537.2)	24%	26%	24%
Operating Income/(Loss)	(43.4)	(5.6)	24.9	53.1	72.7	91.1	92.5	134.4	(173.3)	29.0	390.7	634.8	-117%	1249%	62%
Interest expense	(4.0)	(4.7)	(3.6)	(2.7)	(1.9)	(1.7)	(1.3)	(1.3)	(7.1)	(15.0)	(6.3)	(5.3)	113%	-58%	-16%
Interest income	6.6	5.3	8.7	6.3	8.4	5.6	4.7	4.7	37.9	26.9	23.4	19.4	-29%	-13%	-17%
Other income/(loss), net	(41.4)	0.1	0.0	0.0	(6.5)	4.8	0.0	0.0	(5.9)	(41.3)	(1.7)	0.0	601%	-96%	-100%
Pre-Tax Income/(Loss)	(82.2)	(5.0)	30.0	56.7	72.7	99.7	95.9	137.8	(148.4)	(0.4)	406.1	649.0	-100%	NM	60%
Income tax benefits	10.0	8.5	5.9	32.3	(6.3)	(17.3)	(16.7)	(23.9)	42.5	56.9	(64.2)	(112.7)	34%	-213%	76%
Share of loss in equity method investments	(20.7)	(14.3)	(18.1)	(11.6)	(23.6)	(10.0)	(10.0)	(10.0)	(50.4)	(64.7)	(53.7)	0.0	28%	-17%	-100%
Net Income/(Loss)	(92.9)	(10.7)	17.9	77.4	42.8	72.3	69.2	103.9	(156.3)	(8.2)	288.2	536.3	-95%	NM	86%
Foreign currency translation adjustment	0.2	(0.3)	(7.1)	14.5	0.0	(5.7)	0.0	0.0	8.9	7.4	(5.7)	0.0	-17%	-178%	-100%
Net comprehensive loss	(92.6)	(11.0)	10.8	92.0	42.8	66.6	69.2	103.9	(147.4)	(0.9)	282.5	536.3	-99%	NM	90%
Earnings per share, basic and diluted	(0.58)	(0.06)	0.11	0.48	0.26	0.44	0.43	0.64	(0.96)	(0.05)	1.78	3.34	-95%	-3634%	88%
Weighted avg shares outstanding, diluted	161.5	166.6	164.3	162.4	162.6	162.6	162.1	161.6	162.2	163.7	162.2	160.7	1%	-1%	-1%
Non-GAAP Reconciliations															
Operating Income/(Loss)	(43.4)	(5.6)	24.9	53.1	72.7	91.1	92.5	134.4	(173.3)	29.0	390.7	634.8	-117%	1249%	62%
Share-Based Compensation Expenses	(56.6)	(42.9)	(32.8)	(34.4)	(12.7)	(12.3)	(12.3)	(12.3)	(134.4)	(166.7)	(49.8)	(49.4)	24%	-70%	-1%
Amortization of Intangible Assets	(66.9)	(56.8)	(46.4)	(43.9)	(26.5)	(17.9)	(17.9)	(17.9)	(290.7)	(214.0)	(80.2)	(71.7)	-26%	-63%	-11%
Adjusted Operating Income	80.2	94.1	104.0	131.4	111.9	121.3	122.8	164.7	251.7	409.7	520.7	755.9	63%	27%	45%
Net Income/(Loss)	(92.9)	(10.7)	17.9	77.4	42.8	72.3	69.2	103.9	(156.3)	(8.2)	288.2	536.3	-95%	-3602%	86%
Share-Based Compensation Expenses	(56.6)	(42.9)	(32.8)	(34.4)	(12.7)	(12.3)	(12.3)	(12.3)	(134.4)	(166.7)	(49.8)	(49.4)	24%	-70%	-1%
Amortization of Intangible Assets	(66.9)	(56.8)	(46.4)	(43.9)	(26.5)	(17.9)	(17.9)	(17.9)	(290.7)	(214.0)	(80.2)	(71.7)	-26%	-63%	-11%
Tax Impact	10.0	8.5	7.0	32.9	4.0	2.7	2.7	2.7	43.7	58.4	12.0	10.7	34%	-79%	-11%
Adjusted Net Income	20.6	80.5	90.1	122.9	78.0	99.9	96.8	131.4	225.2	314.1	406.2	646.5	39%	29%	59%
Adjusted Earnings per share, diluted	0.13	0.48	0.55	0.76	0.48	0.61	0.60	0.81	1.39	1.91	2.50	4.02	38%	31%	61%
Weighted avg shares outstanding, diluted	161.5	169.1	164.3	162.4	162.6	162.6	162.1	161.6	162.2	164.3	162.2	160.7	1%	-1%	-1%

Source: Company reports and Zacks SCR estimates and calculations.

PROJECTED INCOME STATEMENT (USD)

ATRenew Inc.
(\$ millions)

	Quarterly								Annual				Y/Y Growth		
	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	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	636.4	650.6	796.9	1,642.0	2,060.9	2,671.4	3,371.6	26%	30%	26%
Net service revenues	47.3	51.6	54.0	53.3	53.7	60.4	60.2	61.5	184.2	206.1	235.9	272.3	12%	14%	15%
Total Net Revenues	505.7	519.7	577.3	664.4	641.3	696.8	710.8	858.5	1,826.2	2,267.0	2,907.3	3,643.9	24%	28%	25%
Expenses															
Merchandise costs	(408.3)	(411.5)	(462.1)	(535.0)	(498.3)	(552.5)	(564.7)	(691.8)	(1,456.2)	(1,816.9)	(2,307.2)	(2,913.1)	25%	27%	26%
Fulfillment expenses	(42.9)	(45.2)	(49.5)	(54.4)	(59.0)	(57.7)	(55.3)	(60.4)	(158.3)	(191.9)	(232.5)	(256.4)	21%	21%	10%
Selling and marketing expenses	(44.5)	(48.7)	(44.9)	(51.6)	(57.7)	(56.8)	(57.9)	(63.5)	(176.2)	(189.7)	(236.0)	(288.6)	8%	24%	22%
General and administrative expenses	(10.2)	(10.0)	(9.9)	(12.5)	(8.7)	(10.8)	(11.0)	(13.3)	(37.5)	(42.6)	(43.9)	(55.0)	14%	3%	25%
Technology and content expenses	(7.0)	(6.9)	(7.6)	(7.8)	(7.6)	(8.7)	(8.9)	(10.7)	(27.6)	(29.2)	(35.9)	(45.0)	6%	23%	25%
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	2.5	0.0	0.0	5.1	7.4	2.5	2.7	44%	-66%	8%
Total Expenses	(511.7)	(520.5)	(573.8)	(657.1)	(631.2)	(684.1)	(697.9)	(839.8)	(1,850.6)	(2,263.0)	(2,853.0)	(3,555.5)	22%	26%	25%
Operating Income/(Loss)	(6.0)	(0.8)	3.5	7.3	10.0	12.7	12.9	18.7	(24.4)	4.0	54.3	88.4	-117%	1245%	63%
Interest expense	(0.6)	(0.7)	(0.5)	(0.4)	(0.3)	(0.2)	(0.2)	(0.2)	(1.0)	(2.1)	(0.9)	(0.7)	110%	-58%	-16%
Interest income	0.9	0.7	1.2	0.9	1.2	0.8	0.7	0.7	5.3	3.7	3.2	2.7	-30%	-13%	-17%
Other income/(loss), net	(5.7)	0.0	0.0	0.0	(0.9)	0.7	0.0	0.0	(0.8)	(5.7)	(0.2)	0.0	589%	-96%	-100%
Pre-Tax Income/(Loss)	(11.4)	(0.7)	4.3	7.8	10.0	13.9	13.4	19.2	(20.9)	(0.0)	56.5	90.4	-100%	NM	60%
Income tax benefits	1.4	1.2	0.8	4.4	(0.9)	(2.4)	(2.3)	(3.3)	6.0	7.8	(8.9)	(15.7)	31%	-214%	76%
Share of loss in equity method investments	(2.9)	(2.0)	(2.6)	(1.6)	(3.3)	(1.4)	(1.4)	(1.4)	(7.1)	(9.0)	(7.4)	0.0	27%	-17%	-100%
Net Income/(Loss)	(12.9)	(1.5)	2.5	10.6	5.9	10.1	9.6	14.5	(22.0)	(1.2)	40.1	74.7	-95%	NM	86%
Foreign currency translation adjustment	0.0	(0.0)	(1.0)	2.0	(0.1)	(0.8)	0.0	0.0	1.3	1.0	(0.9)	0.0	-23%	-197%	-100%
Net comprehensive loss	(12.8)	(1.5)	1.5	12.6	5.8	9.3	9.6	14.5	(20.8)	(0.2)	39.2	74.7	-99%	NM	91%
Earnings per share, basic and diluted	(\$0.05)	(\$0.01)	\$0.01	\$0.04	\$0.02	\$0.04	\$0.04	\$0.06	(\$0.09)	(\$0.00)	\$0.16	\$0.31	-95%	-3552%	88%
Weighted average shares outstanding, basic an	242.2	249.9	246.4	243.6	243.9	243.9	243.1	242.4	243.2	245.5	243.3	241.0	1%	-1%	-1%
Non-GAAP Reconciliations															
Operating Income/(Loss)	(6.0)	(0.8)	3.5	7.3	10.0	12.7	12.9	18.7	(24.4)	4.0	54.3	88.4	-117%	1245%	63%
Share-Based Compensation Expenses	(7.9)	(5.9)	(4.7)	(4.7)	(1.8)	(1.7)	(1.7)	(1.7)	(18.9)	(23.1)	(6.9)	(6.9)	22%	-70%	-1%
Amortization of Intangible Assets	(9.3)	(7.8)	(6.6)	(6.0)	(3.6)	(2.5)	(2.5)	(2.5)	(40.9)	(29.7)	(11.1)	(10.0)	-27%	-63%	-10%
Adjusted Operating Income	11.1	12.9	14.8	18.0	15.4	16.9	17.1	22.9	35.5	56.9	72.4	105.2	60%	27%	45%
Net Income/(Loss)	(12.9)	(1.5)	2.5	10.6	5.9	10.1	9.6	14.5	(22.0)	(1.2)	40.1	74.7	-95%	-3521%	86%
Share-Based Compensation Expenses	(7.9)	(5.9)	(4.7)	(4.7)	(1.8)	(1.7)	(1.7)	(1.7)	(18.9)	(23.1)	(6.9)	(6.9)	22%	-70%	-1%
Amortization of Intangible Assets	(9.3)	(7.8)	(6.6)	(6.0)	(3.6)	(2.5)	(2.5)	(2.5)	(40.9)	(29.7)	(11.1)	(10.0)	-27%	-63%	-10%
Tax Impact	1.4	1.2	1.0	4.5	0.5	0.4	0.4	0.4	6.0	8.1	1.7	1.5	35%	-79%	-10%
Adjusted Net Income	2.9	11.1	12.8	16.8	10.8	13.9	13.5	18.3	31.9	43.6	56.5	90.0	37%	29%	59%
Adjusted Earnings per share, diluted	\$0.01	\$0.04	\$0.05	\$0.07	\$0.04	\$0.06	\$0.06	\$0.08	\$0.13	\$0.18	\$0.23	\$0.37	35%	31%	61%
Weighted average shares outstanding, diluted	242.2	253.6	246.4	243.6	243.9	243.9	243.1	242.4	243.2	246.4	243.3	241.0	1%	-1%	-1%

Source: Company reports and Zacks SCR estimates and calculations.

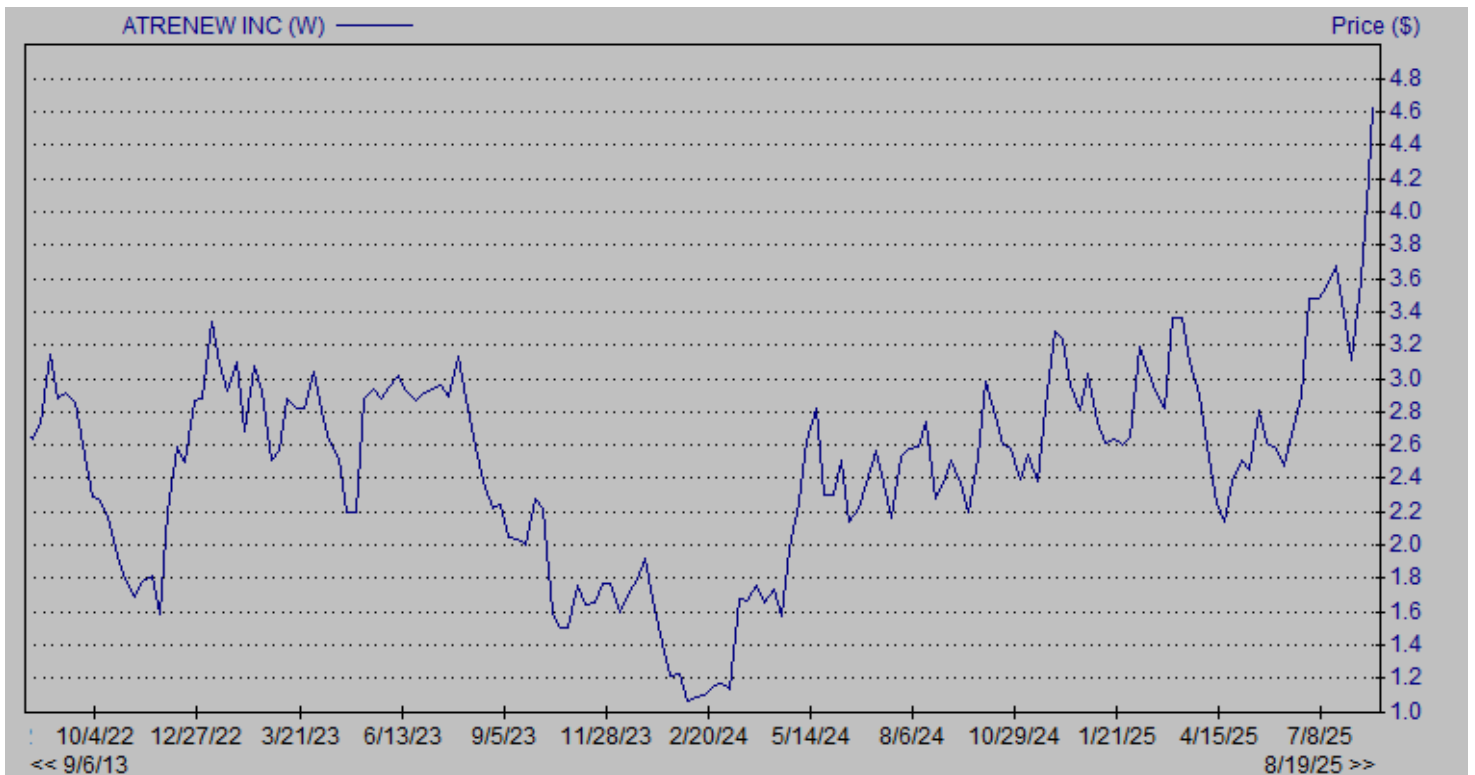
PROJECTED BALANCE SHEET (RMB)

ATRenew Inc.
(RMB in millions)

	Quarterly								Annual				Y/Y Growth		
	1Q24 Mar-24	2Q24 Jun-24	3Q24 Sep-24	4Q24 Dec-24	1Q25 Mar-25	2Q25 Jun-25	3Q25E Sep-25	4Q25E Dec-25	2023 Dec-23	2024 Dec-24	2025E Dec-25	2026E Dec-26	2024 Dec-24	2025E Dec-25	2026E Dec-26
Assets															
Current Assets:															
Cash and cash equivalents	1,609.9	1,643.0	1,347.3	1,970.2	1,809.2	1,299.1	1,312.0	1,325.2	1,978.7	1,970.2	1,325.2	1,378.2	0%	-33%	4%
Restricted cash	232.0	232.0	132.0	132.0	100.0	104.2	105.2	106.3	210.0	132.0	106.3	110.5	-37%	-19%	4%
Short-term investments	472.7	637.7	630.1	583.8	577.9	625.7	632.0	638.3	410.5	583.8	638.3	663.8	42%	9%	4%
Amount due from related parties, net	139.6	179.7	218.8	117.2	253.3	406.4	410.5	414.6	89.6	117.2	414.6	431.2	31%	254%	4%
Inventories	847.7	660.0	678.0	535.1	736.2	814.1	830.4	847.0	1,017.2	535.1	847.0	914.8	-47%	58%	8%
Funds receivable from third party payment se	285.3	256.0	241.0	233.1	294.3	319.7	322.9	326.2	253.1	233.1	326.2	339.2	-8%	40%	4%
Prepayments and other receivables, net	633.8	600.5	754.6	598.0	699.1	734.7	742.1	749.5	567.6	598.0	749.5	779.5	5%	25%	4%
Total Current Assets	4,221.1	4,208.9	4,001.9	4,169.4	4,469.9	4,303.9	4,355.1	4,407.0	4,526.7	4,169.4	4,407.0	4,617.1	-8%	6%	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	526.3	536.8	547.6	467.1	556.1	547.6	591.4	19%	-2%	8%
Property and equipment, net	150.1	145.7	159.2	156.5	177.4	197.2	201.1	205.2	148.2	156.5	205.2	221.6	6%	31%	8%
Intangible assets, net	203.7	146.9	100.5	56.6	30.1	12.2	11.0	9.9	270.6	56.6	9.9	5.9	-79%	-83%	-40%
Other non-current assets	74.4	67.1	149.1	152.1	155.0	160.7	163.9	167.2	80.4	152.1	167.2	180.5	89%	10%	8%
Total Non-Current Assets	950.3	914.1	967.1	921.4	885.8	896.4	912.8	929.8	966.4	921.4	929.8	999.4	-5%	1%	7%
Total Assets	5,171.3	5,123.0	4,969.0	5,090.7	5,355.7	5,200.3	5,267.9	5,336.7	5,493.1	5,090.7	5,336.7	5,616.5	-7%	5%	5%
Liabilities															
Current Liabilities:															
Short-term borrowings	560.4	465.4	307.3	225.0	281.0	171.0	171.0	171.0	349.9	225.0	171.0	171.0	-36%	-24%	0%
Accounts payable	133.8	73.2	105.3	171.4	152.5	140.0	142.8	145.6	532.3	171.4	145.6	157.3	-68%	-15%	8%
Contract liabilities	87.0	176.5	81.6	98.8	228.3	104.2	105.3	106.3	119.7	98.8	106.3	110.6	-17%	8%	4%
Accrued expenses and other current liabilities	448.1	435.5	478.1	522.4	563.4	584.9	590.8	596.7	465.1	522.4	596.7	620.6	12%	14%	4%
Accrued payroll and welfare	105.6	125.3	148.9	179.7	167.4	184.8	188.5	192.3	146.4	179.7	192.3	207.7	23%	7%	8%
Amount due to related parties	85.3	132.8	116.3	109.7	139.8	146.9	148.3	149.8	78.0	109.7	149.8	155.8	41%	37%	4%
Total Current Liabilities	1,420.3	1,408.7	1,237.5	1,307.0	1,532.3	1,331.8	1,346.7	1,361.8	1,691.5	1,307.0	1,361.8	1,422.9	-23%	4%	4%
Non-Current Liabilities:															
Operating lease liabilities, non-current	17.8	14.9	80.4	79.9	76.4	73.2	74.7	76.2	22.5	79.9	76.2	82.3	255%	-5%	8%
Deferred tax liabilities	57.6	49.1	42.1	9.2	5.3	2.6	2.3	2.1	67.7	9.2	2.1	1.3	-86%	-77%	-40%
Total Non-Current Liabilities	75.4	64.0	122.5	89.2	81.7	75.8	77.0	78.3	90.2	89.2	78.3	83.5	-1%	-12%	7%
Total Liabilities	1,495.7	1,472.7	1,360.0	1,396.2	1,614.0	1,407.6	1,423.7	1,440.0	1,781.6	1,396.2	1,440.0	1,506.4	-22%	3%	5%
Total Shareholders' Equity	3,675.7	3,650.3	3,609.0	3,694.6	3,741.8	3,792.7	3,844.3	3,896.7	3,711.5	3,694.6	3,896.7	4,110.1	0%	5%	5%
Total Liabilities & Shareholders' Equity	5,171.3	5,123.0	4,969.0	5,090.7	5,355.7	5,200.3	5,267.9	5,336.7	5,493.1	5,090.7	5,336.7	5,616.5	-7%	5%	5%

Source: Company reports and Zacks SCR estimates and calculations.

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