October 3, 2025

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

Brian Lantier
312-265-9153
blantier@zacks.com

scr.zacks.com
101 N. Wacker Drive, Chicago, IL 60606

Viomi Technology Co., Ltd (NASDAQ: VIOT)

VIOT: New markets present opportunities and challenges

The company filed its finalized year-end results for 2024, and the reported results were unchanged from the previously reported preliminary results. We believe investors will be relieved that there were no material changes in the results. We continue to maintain our 12-month valuation target at $4.00/ADS.

Current Price (10/02//25)	$3.18
Valuation	**$4.00**

OUTLOOK

Viomi filed its Form 20-F annual report with the SEC, and the audited financial statements did not materially change from the preliminary results released roughly six months ago in March.

We will update our complete model and review our price target once the complete first-half results are released later this month.

Viomi introduced a new high-end filtration system for the US market and announced several new marketing initiatives in China ahead of the key shopping holidays in November and December.

SUMMARY DATA

52-Week High	**$4.33**
52-Week Low	**$1.21**
One-Year Return (%)	**74%**
Beta	**0.21**
Average Daily Volume (sh)	**184,803**
Shares Outstanding (mil)	**69**
Market Capitalization ($mil)	**$219**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**1**
Insider Ownership (%)*	**34**
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	**24.5**
P/E using 2025 Estimate	**8.8**
P/E using 2026 Estimate	**7.6**

Risk Level	**High**
Type of Stock	**Small-Value**
Industry	**Home water filtration**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023		102 A		123 A	225 A
2024		115 A		176 A	290 A
2025		189 E		209 E	398 E
2026		148 E		234 E	382 E

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023		$0.06 A		$0.17 A	$0.23 A
2024		$0.01 A		$0.11 A	$0.13 A
2025		$0.12 E		$0.24 E	$0.36 E
2026		$0.12 E		$0.30 E	$0.42 E

Zacks Projected EPS Growth Rate - Next 5 Years % **20%**

*2023 & 2024 Revenues Restated/EPS reflect continuing operations

*6 month revenues and EPS may not sum due to different exchange rates

***Insiders control 60% of voting rights**

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

KEY POINTS



Source: company presentation

- Viomi (NASDAQ: VIOT) filed its delayed Form 20-F with the SEC on September 30th, 2025, and the financial statements that had been pre-released in March of 2025 remained unchanged in the audited filings.

- In June 2025, the company dismissed its previous auditors, PwC, and engaged WWC, PC, as the new auditors going forward. WWC had to completely reaudit the company's previously completed audits in 2022 and 2023 before finalizing the 2024 audit, which was the apparent cause of the delayed filing. We are encouraged that there were no material adjustments to any of the previous audits or the pre-released financials from March. We still believe investors should apply a slightly higher risk premium to Viomi's shares for the next 12 months, until the company's financial reporting returns to a normalized schedule. We anticipate that the finalized first-half results will be filed with the SEC soon, and we will update our model after that report has been filed.

- Despite continued trade tensions between the US and China and uncertainty surrounding what future tariffs may be imposed, the company announced a new filtration system last week, specifically targeting the US consumer. The new Viomi Master M1 features reverse osmosis technology, nine stages of filtration, and adds minerals back to the water, providing in-home mineral water similar to the company's Kunlun series in China.

- In late September, the company also announced two new brand awareness campaigns in China with influencers. No terms of the relationship were released, but we anticipate that these campaigns will be a net positive heading into the shopping holidays in November and December.

- The critical shopping holidays of "Double 11" (November 11th) and "Double 12" (December 12th) and continuation of supportive government policies like the trade-in programs that enabled consumers to receive a subsidy for purchases of new home appliances like water purifiers, are encouraging signs that the second half of 2025 results will continue for Viomi.

- After significantly outperforming the broader market in July, the company's shares have settled into a narrow trading range over the last month. The filing of the 20-F should alleviate one concern for investors, allowing for clear comparisons of the water purification business going forward. A return to regular financial reporting should also improve visibility into the business over the next 6-12 months.

- Our 12-month target valuation remains $4.00 per ADS; however, we believe there is room to adjust this target when the first half income statement is released in late October.

VIOMI'S 2024 20-F

While most of the data in the company's Form 20-F is now over nine months old, we are encouraged by the fact that the new audit did not change any of the previously reported financial information disclosed in March. We believe that as the company returns to a normalized reporting timeline with its new auditors, investors may gain confidence in the company's financial reports and assign a smaller discount rate to its shares.

There were no changes to the financial statements as reported previously in the March 2025 press release, when the company announced its preliminary results. However, several items in the footnotes to the financial statements are worth highlighting.

Xiaomi Relationship

Xiaomi remains the company's most important customer, with sales of Xiaomi-branded products increasing 36% in 2024 to RMB 1,752.2 million, or just over $240 million. Sales to Xiaomi accounted for 82.7% of the company's total revenue in 2024, up from 78.9% in the prior year. Interestingly, the company's receivables from Xiaomi increased significantly at the end of the year to RMB 591 million (approximately $81 million), up from just RMB 4.4 million at the end of 2023. Given the long-standing relationship between the two companies and Xiaomi's substantial equity stake in Viomi (Xiaomi holds approximately 17% of the outstanding equity in the company and approximately 30% of the voting power), we believe that this critical relationship remains strong today.

Figure 1: Viomi Revenues from Xiaomi

	2022	2023	2024	23-24 Change
Revenues from Xiaomi	¥ 1,336.6	¥ 1,292.9	¥ 1,752.2	36%
Percentage of Total Revenues from Xiaomi	74.7%	78.9%	82.7%	
Due from Xiaomi at year-end	¥ 4.8	¥ 4.4	¥ 586.8	

Source: Company Filings and Zacks Small Cap Research

Revenue Mix

While Viomi's overall revenues from continuing operations increased by 29% to RMB 2,119 million ($290.3 million) during the year, the revenue mix was somewhat surprising. The bulk of the revenue increase (over 80%) was due to the growth in home water solutions, which is primarily driven by the company's base filtration systems.

However, we find it interesting that consumables (replacement filters) actually fell by 14% in 2024 despite the larger installed base of filtration units. This is a trend that we will need to monitor going forward, as much of our investment thesis for Viomi's shares is tied to increasing consumables sales over time as the installed base expands. Increased demand for consumables will also allow the company to realize improved operating efficiency at its large filter manufacturing facility. It is unclear what led to the decline in sales of consumables, but we speculate that it may be a result of more complete systems being sold that include initial filtration cartridges. These new sales likely replaced sales that would have otherwise been for filter replacements.

Finally, Kitchen appliances and other products showed surprising strength in 2024, jumping over 50% for the year. Kitchen appliances have historically represented a low to mid-teens percentage of total sales for the company, and 2024 saw this reach the higher end of that range.

Figure 2: Viomi Revenue Mix

	2022	2023	2024	23-24 Change
Total Revenues (in RMB)	¥ 1,790.3	¥ 1,638.7	¥ 2,119.0	29%
Home water Solutions	¥ 1,162.7	¥ 1,077.9	¥ 1,498.4	39%
Consumables	¥ 353.9	¥ 324.7	¥ 277.7	-14%
Kitchen Appliances and Other	¥ 254.0	¥ 214.3	¥ 337.2	57%

Source: Company Filings and Zacks Small Cap Research

US LAUNCH OF VIOMI MASTER M1

In late September, Viomi announced that its new "Master Series" AI Water Purifier M1 was available for sale on Amazon for $899. The listing on Amazon.com has a $150 off instant coupon available in the Viomi store, so we believe the actual retail price will be closer to $750 for the consumer.

Many of the features listed in the M1 purification system are currently present in the company's previous US models or models sold in China. However, the unit appears to have a more upscale appearance and high-end user interfaces, including a touchscreen faucet and real-time displays of total dissolved solids, pH levels, and filter status.

We would note that finding the listing is fairly difficult on Amazon.com as searches for Viomi products include many legacy small appliances and it took a few search variations to find the new Viomi M1.

At $899 (or $749 after coupon), the Viomi M1 is clearly priced as a premium appliance when compared to the highest-ranked undersink filtration systems by Wirecutter, which range from approximately $120 to $170. While we recognize that the home appliance market has room for many price points, entering the market at the high end of the price range is generally reserved for luxury brands with loyal customers.

2025 has been a challenging year for Chinese companies selling into the US market, mainly due to the constant threat of additional tariffs. Therefore, we are encouraged that Viomi continues to seek ways to access the lucrative US market. However, we believe that the company may need to explore multiple models before achieving success in the US. For example, if they were to follow the approach of a company like Anker or TP-Link – selling a feature-rich, reliable product at a price in line with current market leaders - they could slowly gain customer loyalty, as these companies have. Alternatively, Viomi could sell products under its own Viomi label or license/buy an existing household appliance brand, as Haier did when it acquired GE Appliances in 2016. Purchasing an existing brand would enable the company to gain access to large offline retail distribution channels (principally home improvement stores) immediately.

It is challenging to rise above the noise on a large e-commerce site like Amazon, but we will closely monitor the company's progress as it enters the US filtration market with its current strategy.

Figure 3: Viomi Master M1



Source: Company press release https://www.globalnewslines.com/uploads/2025/09/ccd8252005d4d1bc8993ed412585cea4.jpg

VALUATION

In our last update, we noted that we would wait for the audited 2024 financial statements and the first half 2025 financial statements to be released before updating our valuation, given the significant increase in revenues reported. We will revisit our model after the first half 2025 results are released later this month.

Xiaomi continues to grow in importance as a customer for Viomi, representing 83% of sales in 2024. Xiaomi remains the leading consumer electronics brand in China, according to the latest industry data we've reviewed. Viomi is likely to continue benefiting from its close relationship with Xiaomi, as demand for water filtration systems in China is expected to increase.

Viomi's shares have stabilized after a summer surge that saw the shares roughly double in a month. For now, we are leaving our twelve-month valuation target for Viomi unchanged at $4.00/ADS, but we will reevaluate this target later this month.

OVERVIEW

Viomi Technology Co., Ltd (NASDAQ: VIOT) operates in China, offering water filtration, mineralization systems, and related products as of September 2024. The company has undergone a significant transformation over the past few years, and we believe that this transformation from a large, multi-line, unprofitable home appliance and connected home device company into a significantly smaller, yet profitable, water solutions and kitchen appliance company has not been fully understood by investors. Since the company's IPO in 2018, Viomi has been primarily engaged in manufacturing over 60 products for the Internet of Things (IoT) and home appliance markets, aiming to offer consumers a cost-effective way to leverage increasing connectivity in the home. In the face of stiff competition for connected devices in the home and economic challenges following the COVID-19 pandemic, the company's overall business has contracted significantly in recent years, with revenue declining from $832 million in 2021 to $351 million in 2023.

The substantial drop in demand and revenue prompted the management team to reassess the company's market position in 2024. As a result of this analysis, the company announced in mid-July its intention to divest the company's money-losing IoT business to its founder and CEO, Mr. Xiaoping Chen, in exchange for RMB 65 million (approximately $9 million USD).

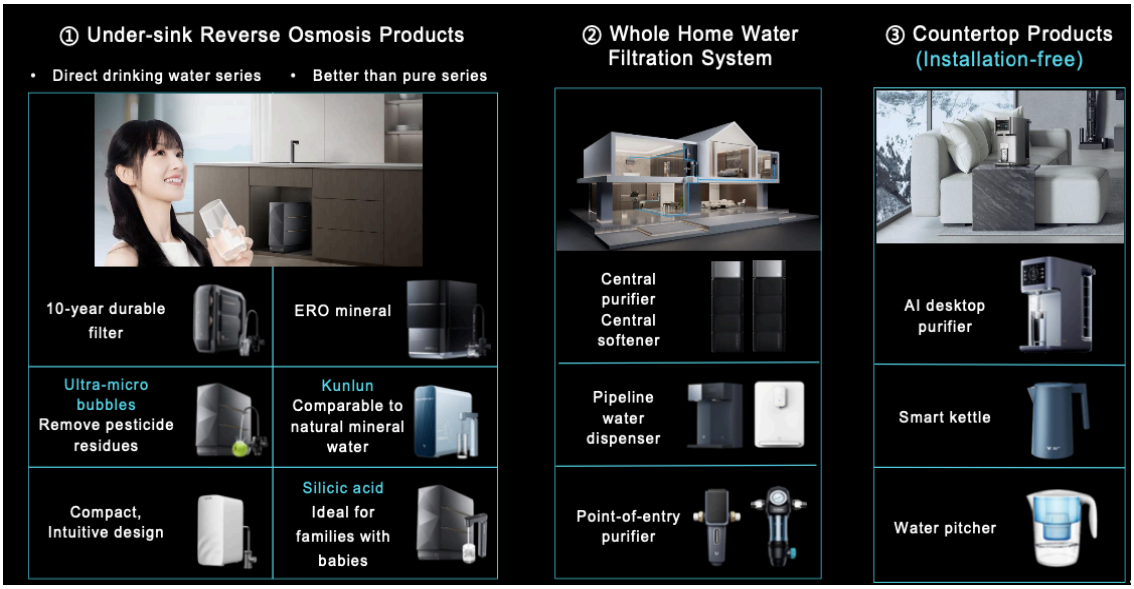
The ongoing operations of Viomi Technology as of the 8/31/24 divestiture are principally related to the sale of

1. Home water systems – undersink filter systems, whole house filters, water softeners, water heaters, and water quality meters
2. Consumables – water filters
3. Kitchen appliances and other services – range hoods, gas stoves, small appliances, and installation services.

The company's water purification products are sold under both the Viomi brand and the Xiaomi brand (1810.HK HKSE). Xiaomi is the $180 billion smartphone, EV, and consumer electronics giant based in China.

VIOMI'S PRODUCT LINEUP

Figure 4: Viomi's Water Filtration Products



Source: Company Investor Presentation 2024

Viomi's water filtration products consist of under-the-sink reverse osmosis filtration systems, whole house filtration systems, and various small countertop products.

Under-the-sink reverse osmosis products – The company has a variety of product offerings in the under-the-sink category but the flow rate of the water, the levels of filtration and the degree of connectivity are the key differentiators. Higher flow rates are valued by some consumers who wish to fill large bottles or pots for cooking but it should be noted that these higher flow rates may impact the life of the reverse osmosis membrane because the force of the water being pushed through the membrane will be higher. The company's standard models marketed under the Viomi brand sell for an average price of between RMB 2,000 and RMB 3,000 ($275-$400) while the carbon filter replacements are around RMB 300 – 400 ($40-$55 - higher if it includes mineralization) and the reverse osmosis filters are around RMB 800 – 1000 ($110-$140).

In March 2024, the company introduced a new line of purifiers called the Kunlun series that not only filters the water coming into a home but also adds up to 6 minerals back to the water to create a "mineral water"-like experience from the tap. While reverse osmosis systems are valued for the ability to remove all contaminants, the process also removes beneficial minerals like calcium, magnesium, or iron. Health-conscious consumers are looking for ways to ensure they have safe drinking water while still consuming these positive minerals and the Kunlun series allows consumers to add these minerals back to the water before consumption.

RISKS

- Xiaomi is an important partner, shareholder, and customer of the company. Sales to Xiaomi exceeded 82% of total revenues in 2024. Obviously, the loss of Xiaomi as a customer would severely impact Viomi and the valuation of the company's ADSs. The company's relationship with Xiaomi is based on a series of contracts that are subject to early termination by Xiaomi under certain circumstances. The company has extended its relationship for the sale of water products to Xiaomi for another three years through 2027.

- The company is in the middle of a major manufacturing capacity expansion to be completed in 5 years. The first phase of this expansion was completed in 2023 which brought R&D and water purification smart manufacturing to the facility. The second phase of the expansion will include upgrading the water purification supply chain capabilities. If the company experiences delays or increased costs associated with this expansion it could impact the company's ability to operate profitably.

- The company and its auditors have identified material weaknesses in the company's internal controls over financial reporting, particularly with regard to staff's familiarity with US GAAP. The company has implemented a plan to address these concerns by hiring additional staff who are familiar with US GAAP rules and providing sufficient training to existing staff.

- The company has a dual-class share structure with Class A and Class B shares. The Class B shares entitle the holders to 10 votes at the company's annual meeting versus just one vote for Class A shares. The holders of the Class B shares, principally the company's CEO and a subsidiary of Xiaomi, control over 90% of the voting rights of the company and will be able to exercise substantial control in directing all matters that come before the company for a vote.

- The company's operating entities currently conduct all of its operations in China and the People's Republic of China (PRC) and the government has "significant oversight and discretion" over its business. Additionally, economic challenges in China could have a material impact on the company's business.

- The company's core market – water purification solutions – is competitive in China and there can be no assurances that the company will be able to compete effectively with larger international companies when it enters other markets.

PROJECTED INCOME STATEMENT

Viomi Technology Co., Ltd.
In USD at RMB 7.23 = 1 USD
8/23/25

(Millions USD; December Year-End)	2024A	June H1 25 E	Dec H2 25 E	2025E	June H1 26 E	Dec H2 26 E	2026
Revenues:							
A related party (Xiaomi)	**249.2**	160.4	184.1	**344.5**	126.0	205.9	**331.9**
% change (yoy)							
Third parties	**41.1**	28.3	25.1	**53.4**	22.2	28.1	**50.3**
% change (yoy)							
Total Revenues	**290**	**189**	**209**	**398**	**148**	**234**	**382**
% change (yoy)							
Cost of Revenues	215	144	155	298	110	173	282
Gross Profit	**75**	**45**	**55**	**100**	**39**	**61**	**100**
% change (yoy)							
Gross Profit Margin	**25.9%**	**23.9%**	**26.1%**	**25.2%**	**26.1%**	**26.2%**	**26.2%**
Operating Expenses:							
Research & Development Expense	20	11	10	21	10	10	21
Selling & Marketing Expense	29	21	21	42	15	21	35
General & Administrative Expense	10	6	6	12	6	6	12
Total Operating Expenses	**58**	**37**	**37**	**75**	**31**	**37**	**68**
% change (yoy)							
other income, net	4.5	2.1	2.0	4.1	2.0	1.9	3.9
Operating Income (Loss)	**21**	**10**	**20**	**30**	**10**	**26**	**36**
Interest & Investment Income/(Loss)	1	1	1	2	1	1	2
Other non-operating Income	0	0	0	-	0	0	0
Income before Taxes	**22**	**11**	**21**	**32**	**11**	**27**	**38**
Income (Taxes)/Benefit	(2)	(2)	(4)	(7)	(2)	(6)	(8)
Net income from continuing operations	**20**						
Net (loss)/income from discontinued operations	(11)	0	0	-	0	0	-
Less: Net loss attributable to non-controlling interest	(0)	0	0	0	0	0	0
Net Income (Loss) reported	**9**	**8**	**16**	**25**	**8**	**21**	**30**
Net Income in $							
EPS reported	**0.04**	**0.04**	**0.08**	**0.12**	**0.04**	**0.10**	**0.14**
Earnings Per ADS	**0.13**	**0.12**	**0.24**	**0.36**	**0.12**	**0.30**	**0.42**
% change (yoy)							
Diluted Shares (weighted average)	**206.7**	208.0	208.5	**208.3**	209.0	209.6	**209.3**
ADS outstanding	68.9	69.3	69.5	69.4	69.7	69.9	69.8
Margins:							
Gross Margin	**25.9%**	23.9%	26.1%	**25.2%**	26.1%	26.2%	**26.2%**

1 ADS (American Depository Share) = 3 ordinary shares
* Disposed businesses now reclassified as discontinued operations

Source: Zacks SCR, Brian Lantier, Company Filings

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

BALANCE SHEET

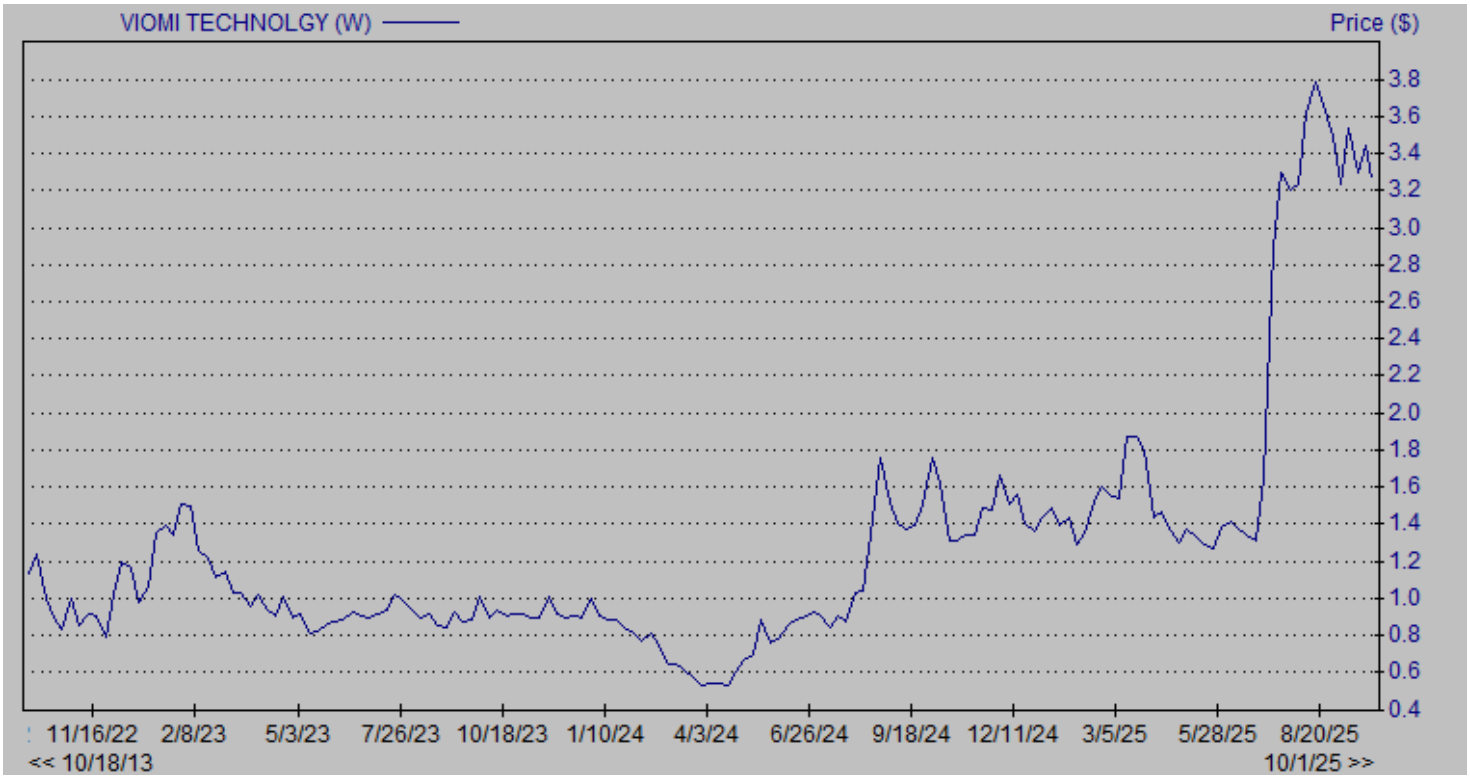
Viomi Technology Co., Ltd.
Balance Sheet in RMB (RMB 7.2993to US $1.00)
12/31/24

(Renminbi RMB in Millions) 12/31/24		
Assets		
Current Assets	RMB	USD
Cash and Cash Equivalents	1,026	141
Restricted Cash Current	141	19
Short-term Deposits	115	16
Short-term Investments	73	10
Accounts and Notes Receivable from 3rd Parties (net)	24	3
Accounts and Notes Receivable from Related Party (net)	591	81
Inventories	112	15
Prepaid expenses and other current assets	71	10
Other receivables from related parties	11	2
Total current assets	2,165	297
Non-Current Assets		
Prepaid expenses and other non-current assets	18	2
Property & Equipment (net)	315	43
Deferred Tax Assets	10	1
Intangible Assets (net)	9	1
Right of use asset	3	0
Land use rights, net	58	8
Long-term investment	8	1
Total non-current assets	420	58
Total Assets	**2,586**	**354**
Liabilities		
Current Liabilities		
Short-Term borrowing	50	7
Accounts and notes payable	772	106
Advances from customer	12	2
Amount due to related parties	1	0
Accrued expenses and other liabilities	168	23
Income Tax Payable	10	1
Lease liabilities due within one year	2	0
Long-term borrowing-current portion	29	4
Total current liabilities	1,044	143
Non-Current Liabilities		
Accrued expenses	15	2
Long-term borrowing	76	10
Lease liabilities	2	0
Total Liabilities	**1,136**	**156**
Shareholder's Equity		
Ordinary Shares	0	0
Treasury Shares	-85	-12
Additional Paid-in Capital	1,374	188
Accumulated Other Comprehensive Loss	2	0
Retained Earnings	153	21
Non-controlling interests	5	1
Shareholder's Equity (Deficiency)	**1,450**	199
Total Liabilities & Shareholder's Equity	**2,586**	**354**

Source: Company Press Release

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

HISTORICAL STOCK PRICE



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, Brian Lantier, 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.