November 12, 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: Xiaomi relationship fuels exceptional first-half performance. Increasing our target valuation to $5.00/ADS.

Viomi released its complete financial statements for the first six months of 2025, with earnings per ADS coming in at double our estimate. We are encouraged by the continued strong partnership with Xiaomi, and we are raising our 12-month valuation target to $5.00/ADS based on comparable valuations.

Current Price (11/11//25)	$2.84
Valuation	**$5.00**

OUTLOOK

Viomi preannounced in August that its first-half revenues would exceed RMB 1.4 billion ($195 million), and this week, the company published its complete income statement for the first six months, which demonstrated strong performance in the company's core market.

We believe government policies in China drove a meaningful portion of the revenue growth in the first half. We are not expecting that this program renews in 2026, but we will adjust our model if that changes.

Viomi continues to expand into new markets, but its reliance on domestic sales via Xiaomi has increased thus far in 2025.

SUMMARY DATA

52-Week High	**$4.33**
52-Week Low	**$1.21**
One-Year Return (%)	**96%**
Beta	**0.17**
Average Daily Volume (sh)	**609,543**
Shares Outstanding (mil)	**69**
Market Capitalization ($mil)	**$196**
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	**8.1**
P/E using 2025 Estimate	**6.3**
P/E using 2026 Estimate	**6.3**

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		206 A		208 E	415 E
2026		191 E		228 E	419 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		$0.24 A		$0.20 E	$0.45 E
2026		$0.22 E		$0.24 E	$0.45 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.

WHAT'S NEW



Source: company presentation

First Half Results

Total revenue for the first half of 2025 for Viomi was RMB 1.48 billion ($206 million), exceeding our revised estimate of approximately $190 million. Revenues were up 76.6% versus the same period of 2024 as a result of the company's renewed focus as a water purification company in 2025 (the company divested a large consumer products division in 2024). It is worth noting that, on a sequential basis, revenues increased by 15% ($206 million versus $179 million). There is a fair amount of seasonality in the business, given the significant Chinese shopping holidays that occur in the second half of the year. However, we believe this 15% sequential growth is a more accurate representation of the company's performance in the first half of the year.

Home Water Systems (up roughly 85% year over year) and Kitchen Appliances/Other (up more than 140% year over year) were the primary drivers of the outperformance in the first half of 2025. In January 2025, the Chinese government expanded the number of home appliances eligible for government subsidies from 8 to 12 product lines, which included water purifiers for the first time. The subsidy, capped at up to 20% of the sales price of an appliance, was introduced to spur consumer demand and encourage consumers to upgrade many home appliances that were not as energy efficient as current models. Based on other financial results from home appliance manufacturers in China, we believe that this boosted overall sales probably 10-15% above what would have been expected, and that would be in line with Viomi's reported 15% increase in sequential revenues from the second half of 2024 to the first half of 2025.

The company's consumable revenues (replacement filter cartridges) decreased 12.6% from the first half of 2024 to $17.2 million, primarily due to product development upgrades that have extended the average filter life and reduced the rate of replacement. This lengthening of the filter replacement cycle is an area that we will need to monitor, as a critical aspect of our long-term investment thesis for Viomi is that, as the installed base grows, demand for higher-margin consumables will also increase. However, with the company's various filters now lasting 2-4 years, the rate of filter replacement has declined.

The company's relationship with Xiaomi remains vital to its continued success with 92% of total revenues derived from Xiaomi, up from 80% in the first half of 2024. As we've noted before, the company's reliance on Xiaomi poses a significant risk for investors. However, given the deep financial ties between the two companies, we do not foresee this relationship changing in the near future.

The company's gross margin declined from 2024 as a result of the product mix shift in 2025, but it remained above our projections at 26.5%.

The balance of the income statement was roughly in line with our forecast, and the company reported net income of $16.6 million or $0.24 per ADS, which was double our forecast of $0.12 per ADS.

LAUNCH OF VIOMI INNO IN MALAYSIA

Following the launch of the Viomi "Master Series" AI Water Purifier M1 in the US in September, the company unveiled a new tabletop model for the Malaysian market called the INNO. This model appears to be customized to meet the market's demands, which prioritize not only purification but also rapid heating of water for tea. The INNO is currently available for sale at approximately $750 per unit, which appears to be in line with comparable products in the Malaysian market.

In conjunction with this launch, the company announced a new marketing campaign featuring Ms. Shila Amzah in Malaysia to promote the INNO system as its brand ambassador. Ms. Amzah has a substantial social media following, with over 2 million followers, so it will be interesting to see if this marketing strategy can help Viomi establish a foothold in the market.

We believe that the company intends to develop and penetrate new markets with unique products designed to meet the needs of that market, and it has committed to investing research and development resources to build products that can be successful outside of the domestic Chinese market.

XIAOMI UPDATE

Despite the company's efforts to expand into new markets, such as the US and now Malaysia, China remains the overwhelming focus for Viomi, and within that market, the company's relationship with Xiaomi continues to expand. Sales to Xiaomi accounted for 92.1% of total sales in the first half of 2025, up from 82.7% in calendar 2024. We've also noted the continued growth of receivables from Xiaomi, which increased by another RMB 187 million ($26 million) to RMB 778 million ($108 million) as of June 30, 2025. Xiaomi has similar relationships with several companies in the Xiaomi ecosystem and given the substantial equity stake Xiaomi has in in Viomi (holding roughly 17% of the outstanding equity and approximately 30% of the voting power), we have confidence that this will remain a long-standing relationship but the growth of receivables and increased reliance on Xiaomi to drive revenue growth could be a concern for investors.

Figure 1: Viomi Revenues from Xiaomi

	2022	2023	2024	H1 2025
Revenues from Xiaomi	¥ 1,336.6	¥ 1,292.9	¥ 1,752.2	¥ 1,361.0
Percentage of Total Revenues from Xiaomi	74.7%	78.9%	82.7%	92.1%
Due from Xiaomi at year-end	¥ 4.8	¥ 4.4	¥ 591.2	¥ 777.8

Source: Company Filings and Zacks Small Cap Research

CHINA'S APPLIANCE SUBSIDIES

Chinese authorities expanded a subsidy program in early 2025 to include 12 household appliances (including water purifiers) that enabled buyers to receive a subsidy for up to 20% of the purchase price of the appliance. At this point, it is unclear whether the subsidy program will be extended in 2026 and, if so, whether it will still include products sold by Viomi – specifically, kitchen appliances and water purifiers.

Market observers in China have noted that if the subsidies are not renewed, it could lead to a significant decline in sales for the industry in 2026. Many American investors will likely recall the dip in sales experienced by the auto market after the "Car Allowance Rebate System" (also known as "cash for clunkers") program expired in 2009. Given the large number of appliance upgrades that have occurred in the past 12 months under this program, it is possible that domestic demand could slip in 2026 if the program is not extended.

To date, the government has not announced an official policy position regarding whether these subsidies will be renewed in 2026. Still, it appears that some support exists among policymakers, given the relatively weak consumer demand in China today, absent these subsidies.

There has been speculation that, after successfully stimulating demand in the home appliance market, the government could shift its focus to other sectors of the economy – perhaps services, for example – as beneficiaries of any subsidies to support those companies and markets.

At this point, there are simply too many unknowns to speculate as to whether the subsidies will be renewed in 2026 or if they will be focused on different sectors or have a more targeted effort to reduce energy consumption so at this point, our base assumption is that the subsidies will not be renewed in 2026 and if they are we will adjust our model accordingly.

BUYBACK ANNOUNCEMENT

In late October, the company announced that its board of directors had approved a stock buyback program under which Viomi can repurchase up to $20 million of its ADSs through December 31, 2027. This buyback could reduce the total number of outstanding ADS by about 10% at the current prices if the buyback is fully utilized.

We view this buyback and the company's previously announced special dividend as net positives, and investors will likely be encouraged by the company's commitment to enhancing shareholder value.

VALUATION

In our last update, we indicated that we would revisit our valuation once the first-half 2025 results were officially released. Now that we have seen the complete income statement and balance sheet for the first half of 2025, and most of the company's peers have reported at least six months of operations in 2025, we can evaluate where Viomi stands in the market.

Xiaomi accounted for over 90% of sales in the first half of 2025. While Viomi has undertaken efforts to penetrate new markets, the company's financial success remains largely tied to Xiaomi. Given our assumption that appliance subsidies will not be renewed in China in 2026, our forecast calls for roughly flat sales and EPS for Viomi from 2025 to 2026. Most large appliance manufacturers in China are also forecast to experience very low revenue growth (in the low single digits) and modest EPS growth in 2026.

As one of the smaller public players in the market and given the company's substantial dependence on Xiaomi, we believe Viomi will trade at a discount to its comps. Based on our new EPS forecast of $0.45/ADS for 2026 and a current ADS count of around 69 million, we are increasing our 12-month target for Viomi's shares to $5.00/ADS, or approximately 11 times our 2026 estimate (peers trade at PE multiples in the mid-teens). We would note that if the company is aggressive with its share buyback program or if the appliance subsidy program is extended in 2026, we could revisit this target in early 2026.

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.

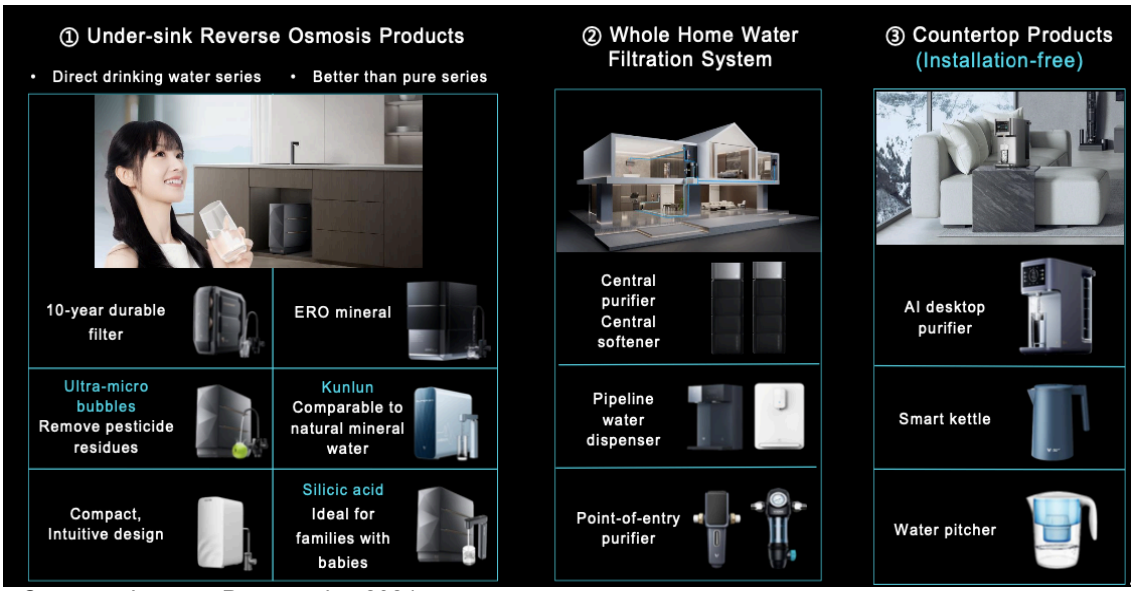
The ongoing operations of Viomi Technology subsequent to the 2024 divestiture of its internet of things business are principally related to the sale of

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 2: Viomi’s Water Filtration Products



Source: Company Investor Presentation 2024

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

Under-the-sink reverse osmosis products – The company offers a variety of products in the under-the-sink category, but the key differentiators are the flow rate of the water, the levels of filtration, and the degree of connectivity. Higher flow rates are valued by some consumers who wish to fill large bottles or pots for cooking. However, it should be noted that these higher flow rates may impact the life of the reverse osmosis membrane, as the force of the water being pushed through the membrane will be greater. 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 May 2025, the company introduced a new line of purifiers called the Kunlun series, which not only filters the water entering a home but also adds up to 6 minerals to the water, creating a "mineral water"-like experience from the tap. While reverse osmosis systems are valued for their ability to remove all contaminants, the process also removes beneficial minerals, such as calcium, magnesium, and iron. Health-conscious consumers are seeking ways to ensure they have access to safe drinking water while still consuming beneficial minerals. The Kunlun series enables 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 accounted for over 92% of total revenues in the first half of 2025. Obviously, the loss of Xiaomi as a customer would have a severe impact on 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 currently undergoing a significant expansion of its manufacturing capacity, which is expected to be completed within five 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 regarding the 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 the majority of its operations in China and the People's Republic of China (PRC), and the government has "significant oversight and discretion" over their business. Additionally, economic challenges in China could have a material impact on the company's business.

PROJECTED INCOME STATEMENT

Viomi Technology Co., Ltd.
In USD at RMB 7.1636 = 1 USD
11/10/25

(Millions USD; December Year-End)	2024A	June H1 25 A	Dec H2 25 E	2025E	June H1 26 E	Dec H2 26 E	2026
Revenues:							
A related party (Xiaomi)	**249.2**	190.0	191.7	**381.6**	162.2	200.7	**362.9**
Third parties	**41.1**	16.3	16.7	**33.0**	28.6	27.4	**56.0**
Total Revenues	**290**	**206**	**208**	**415**	**191**	**228**	**419**
Cost of Revenues	215	152	157	309	141	172	313
Gross Profit	**75**	**55**	**51**	**106**	**50**	**56**	**106**
Gross Profit Margin	**25.9%**	**26.5%**	**24.7%**	**25.6%**	**26.1%**	**24.8%**	**25.4%**
Operating Expenses:							
Research & Development Expense	20	12	12	24	12	12	25
Selling & Marketing Expense	29	18	18	36	15	20	35
General & Administrative Expense	10	9	9	18	9	9	19
Total Operating Expenses	**58**	**39**	**39**	**79**	**37**	**42**	**78**
other income, net	4.5	1.3	1.2	2.5	1.2	1.2	2.3
Operating Income (Loss)	**21**	**17**	**13**	**30**	**14**	**16**	**30**
Interest & Investment Income/(Loss)	1	3	3	5	3	3	5
Other non-operating Income	0	0	0	-	0	0	0
Income before Taxes	**22**	**19**	**16**	**35**	**17**	**19**	**36**
Income (Taxes)/Benefit	(2)	(2)	(2)	(4)	(2)	(2)	(4)
Net income from continuing operations	**20**	**17**	**14**	**31**	**15**	**16**	**31**
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**	**17**	**14**	**31**	**15**	**16**	**31**
Net Income in $							
EPS reported	**0.04**	**0.08**	**0.07**	**0.15**	**0.07**	**0.08**	**0.15**
Earnings Per ADS	**0.13**	**0.24**	**0.20**	**0.45**	**0.22**	**0.24**	**0.45**
Diluted Shares (weighted average)	**206.3**	205.9	206.0	**205.9**	206.5	207.0	**206.7**
ADS outstanding	68.8	68.6	68.7	68.6	68.8	69.0	68.9
Margins:							
Gross Margin	**25.9%**	26.5%	24.7%	**25.6%**	26.1%	24.8%	**25.4%**

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

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

BALANCE SHEET

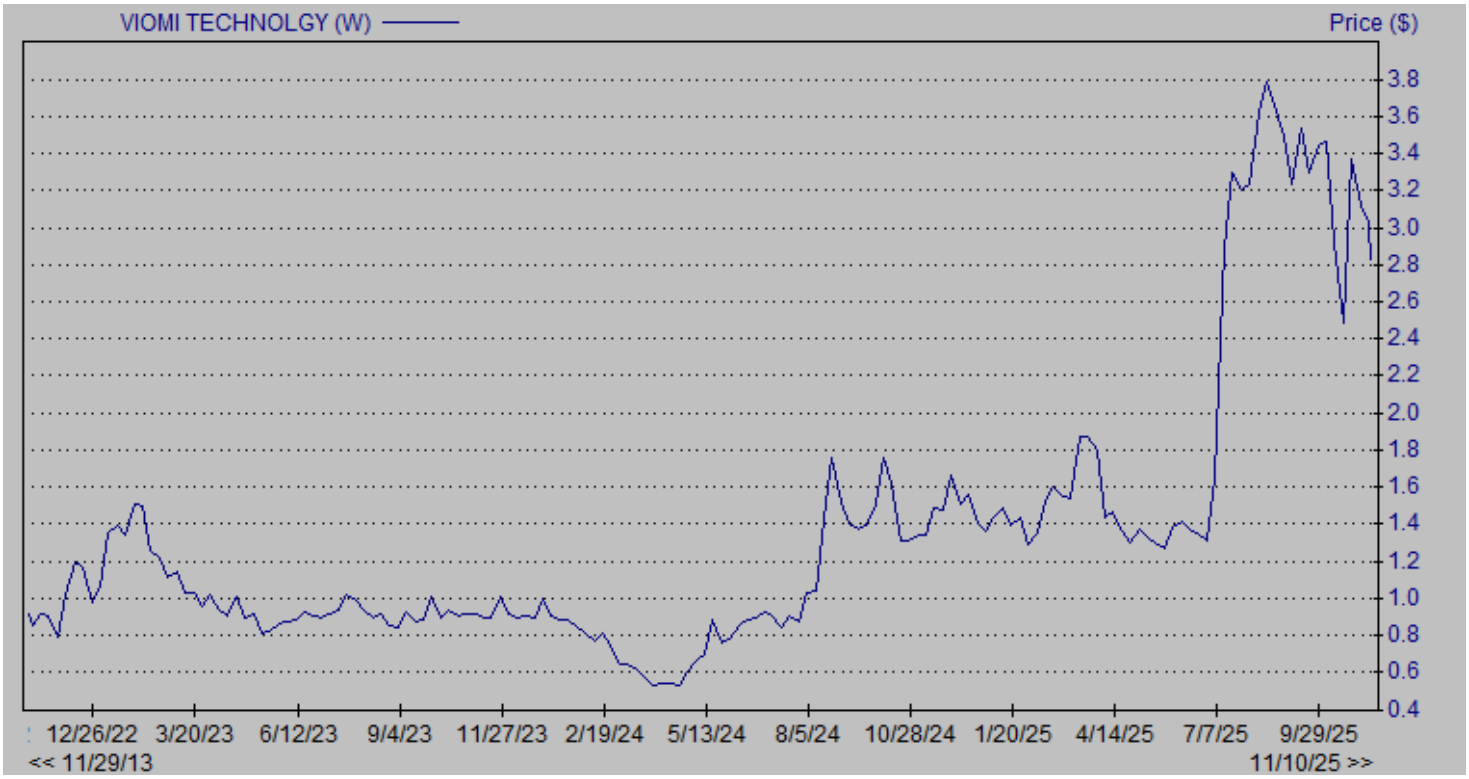
Viomi Technology Co., Ltd.
Balance Sheet in RMB (RMB 7.1636 to US $1.00)
6/30/25

(Renminbi RMB in Millions) 6/30/25		
Assets		
Current Assets	**RMB**	**USD**
Cash and Cash Equivalents	709	99
Restricted Cash Current	341	48
Short-term Deposits	377	53
Short-term Investments	108	15
Accounts and Notes Receivable from 3rd Parties (net)	36	5
Accounts and Notes Receivable from Related Party (net)	778	109
Inventories	114	16
Prepaid expenses and other current assets	68	9
Other receivables from related parties	3	0
Total current assets	2,534	354
Non-Current Assets		
Prepaid expenses and other non-current assets	7	1
Property & Equipment (net)	315	44
Deferred Tax Assets	11	2
Intangible Assets (net)	7	1
Right of use asset	3	0
Land use rights, net	57	8
Long-term investment	8	1
Total non-current assets	407	57
Total Assets	**2,942**	**411**
Liabilities		
Current Liabilities		
Short-Term borrowing	40	6
Accounts and notes payable	983	137
Advances from customer	13	2
Amount due to related parties	8	1
Accrued expenses and other liabilities	210	29
Income Tax Payable	13	2
Lease liabilities due within one year	2	0
Long-term borrowing-current portion	27	4
Total current liabilities	1,296	181
Non-Current Liabilities		
Accrued expenses	14	2
Long-term borrowing	64	9
Lease liabilities	1	0
Total Liabilities	**1,376**	**192**
Shareholder's Equity		
Ordinary Shares	0	0
Treasury Shares	-85	-12
Additional Paid-in Capital	1,381	193
Accumulated Other Comprehensive Loss	-2	0
Retained Earnings	267	37
Non-controlling interests	5	1
Shareholder's Equity (Deficiency)	**1,566**	**219**
Total Liabilities & Shareholder's Equity	**2,942**	**411**

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.