

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

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

scr.zacks.com

101 N. Wacker Drive, Chicago, IL 60606

ATRenew Inc. (RERE-NYSE)

RERE: 3Q25 Earnings – EPS Beat on Higher Revenue & Operating Income; Operating Leverage Increasingly Shining Through

ATRenew reported net income of \$12.8 million for 3Q25, or \$0.05 per ADS. Adjusted EPS came in at \$0.06 (rounded down), or about a penny ahead of our \$0.06 (rounded up) estimate primarily reflecting higher-than-expected revenues and operating income. Raising our 2025 and 2026 adjusted EPS estimates from \$0.23/\$0.37 to \$0.24/\$0.39, and our DCF-derived price target from \$7.00 to \$8.00.

OUTLOOK

Key 3Q25 takeaways include: 1) trade-in scenarios remain a key driver of transaction volume growth, with building demand for RERE's programs given rising prices for new devices, as well as the company's focus on optimizing pricing, elevating user experiences, and stepped-up branding initiatives; 2) in addition to the company's door-to-door fulfillment capabilities, RERE's growing network of AHS stores continues to drive enhanced accessibility and more favorable economics, with 1,000+ locations now offering multi-category recycling services; and 3) a key priority for senior management remains building the AHS brand to raise customer awareness, enhance loyalty, and support engagement, with specific initiatives including partnering with consumer brands and deepening community relationships to position AHS as the leading recycling ecosystem.

Current Price (11/19/25) **\$4.03**
Valuation **\$8.00**

SUMMARY DATA

52-Week High **\$4.93**
52-Week Low **\$2.00**
One-Year Return (%) **63.16**
Beta **N/A**
Average Daily Volume (sh) **1,767,535**

Shares Outstanding (mil)c **244**
Market Capitalization (\$mil) **\$983**
Short Interest Ratio (days) **N/A**
Institutional Ownership (%) **41**
Insider Ownership (%) **3**

Annual Cash Dividend **\$0.00**
Dividend Yield (%) **0.00**

5-Yr. Historical Growth Rates

Sales (%) **N/A**
Earnings Per Share (%) **N/A**
Dividend (%) **N/A**

P/E using TTM EPS **17.5**
P/E using 2025 Estimate **16.8**
P/E using 2026 Estimate **10.3**

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	723 A	861 E	2,922 E
2026					3,668 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 A	\$0.08 E	\$0.24 E
2026					\$0.39 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.

3Q25 EARNINGS: EPS BEAT ON HIGHER REVENUES AND OPERATING INCOME

Pre-market open on 11/20/25, ATRenew reported 3Q25 earnings results. On a GAAP basis, RERE reported net income of \$12.8 million for 3Q25, or \$0.05 per ADS (Exhibit 1). That said, excluding non-cash share-based compensation and intangible assets amortization expenses, adjusted EPS came in at \$0.06 (rounded down), or about a penny above our \$0.06 (rounded up) 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 5,149 million (\$723.3 million) came in at the high point of management's prior guidance range (RMB 5,050 million to RMB 5,150 million) and 1% above our RMB 5,105 million (\$710.8 million) estimate on accelerating online sales of pre-owned consumer electronics.

Total expenses of RMB 5,028 million (\$706.3 million) were slightly higher than our RMB 5,013 million (\$697.9 million) estimate. Despite lower selling & marketing and G&A expenses, higher than anticipated merchandise and fulfillment costs (mostly a function of the step up in sales during the quarter) drove the unfavorable variance.

Exhibit 1: 3Q25 GAAP Actual vs. Estimates (\$ millions)

	3Q25		Change	
	Actual	Estimate	\$	%
<u>Revenues</u>				
Net product revenues	663.9	650.6	13.3	2.0%
Net service revenues	59.4	60.2	(0.8)	-1.4%
Total Net Revenues	723.3	710.8	12.5	1.8%
<u>Expenses</u>				
Merchandise costs	(575.1)	(564.7)	(10.4)	1.8%
Fulfillment expenses	(61.4)	(55.3)	(6.1)	10.9%
Selling and marketing expenses	(51.1)	(57.9)	6.8	-11.8%
General and administrative expenses	(10.4)	(11.0)	0.6	-5.7%
Technology and content expenses	(9.0)	(8.9)	(0.1)	0.8%
Goodwill impairment loss	0.0	0.0	0.0	NM
Other operating income, net	0.7	0.0	0.7	NM
Total Expenses	(706.3)	(697.9)	(8.4)	1.2%
Operating Income/(Loss)	17.0	12.9	4.1	31.7%
Interest expense	(0.2)	(0.2)	0.0	-3.6%
Interest income	0.8	0.7	0.2	27.5%
Other income/(loss), net	(0.0)	0.0	(0.0)	NM
Pre-Tax Income/(Loss)	17.6	13.4	4.2	31.7%
Income tax benefits	(2.4)	(2.3)	(0.1)	2.3%
Share of loss in equity method investments	(2.5)	(1.4)	(1.1)	75.7%
Net Income/(Loss)	12.8	9.6	3.1	32.4%
<hr/>				
Earnings per share, basic and diluted	\$0.05	\$0.04	\$0.01	31.9%
Weighted avg shares out, basic and diluted	244.0	243.1	0.9	0.4%

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

Exhibit 2: 3Q25 Non-GAAP Actual vs. Estimates
(\$ millions)

	3Q25		Change	
	Actual	Estimate	\$	%
<u>Non-GAAP Reconciliations</u>				
Operating Income/(Loss)	17.0	12.9	4.1	31.7%
Share-Based Compensation Expenses	(2.6)	(1.7)	(0.9)	52.9%
Amortization of Intangible Assets	(0.1)	(2.5)	2.4	-95.6%
Adjusted Operating Income	19.7	17.1	2.6	15.3%
Net Income/(Loss)	12.8	9.6	3.1	32.4%
Share-Based Compensation Expenses	(2.6)	(1.7)	(0.9)	52.9%
Amortization of Intangible Assets	(0.1)	(2.5)	2.4	-95.6%
Tax Impact	0.0	0.4	(0.4)	-95.6%
Adjusted Net Income	15.5	13.5	2.0	14.9%
Adjusted Earnings per share, diluted	\$0.06	\$0.06	\$0.01	14.4%
Weighted avg shares out, diluted	244.0	243.1	0.9	0.4%

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

KEY TAKEAWAYS

Following our review of 3Q25 results, we highlight the following key takeaways:

- 1. Trade-in transactions fueling sustainable growth:** Trade-in scenarios remain a key driver of volume growth. Importantly, while national trade-in subsidies are limited to sales of new devices priced under RMB 6,000 (~\$844), thereby excluding higher-priced models, government support stimulates upgrade/trade-in activity within the pre-owned space, while manufacturers including Apple provide brand-funded incentives for trade-ins. As a result, RERE maintains access to a growing source of low-cost supply. Focusing on JD.com, AHS Recycle's trade-in penetration rate continues to rise (currently 10%+), with more consumers opting to capitalize on trade-in programs given rising prices for new devices, as well as the company's focus on optimizing pricing, elevating user experiences, and stepped-up branding initiatives. Indeed, JD.com's trade-in program continues to be a preferred choice for users looking to recycle and upgrade their devices. Additionally, senior officials remain focused on partnering with other consumer electronics brands and e-commerce platforms to drive a more diversified source of recycling/trade-in transaction volumes.
- 2. Differentiated fulfillment network:** During 3Q25, RERE opened 103 new locations bringing the company's nationwide network of AHS stores to 2,195 across nearly 300 cities in China as of September 30, 2025. Beyond competitive pricing, offline stores enhance customer relationships, experiences, and accessibility. Moreover, over 1,000 AHS stores (including nearly 90% of self-operated locations) offer multi-category recycling services, thereby supplementing economics and growth – related volumes in 3Q25 nearly doubled on a year-over-year basis. Finally, management remains focused on continuing to expand/enhance the company's door-to-door capabilities continue to drive reduced transaction times, improve customer experiences, and generate incremental revenue contributions.
- 3. Building the brand:** To be sure, ATRenew remains China's largest pre-owned consumer electronics transactions platform reflecting the company's vertically-integrated supply chain and fulfillment capabilities. Looking ahead, a key priority for senior management remains building the AHS brand to raise customer awareness, enhance loyalty, and support engagement. Specific initiatives include partnering with consumer brands and deepening community relationships to position AHS as the leading recycling ecosystem. Furthermore, the company recently launched initiatives centered on higher-frequency activities, products, and incentives to reinforce the broader benefits of the circular economy, while promoting AHS Recycle's brand and services.

RAISING ADJUSTED EPS ESTIMATES

After updating our model for 3Q25 actuals, we are edging up our 2025 and 2026 adjusted EPS estimates from \$0.23/\$0.37 to \$0.24/\$0.39. Our revisions primarily reflected: 1) the 3Q25 EPS beat; 2) higher revenue growth driven by accelerating trade-in activity (for 4Q25, senior officials anticipate total revenues to be in the range of RMB 6,080 million and RMB 6,180 million, or \$855 million to \$869 million at current FX rates, implying year-over-year growth of 25% to 27%); and 3) a slightly higher margin outlook given a rebound in take rates and a more favorable business mix.

VALUATION

As a result of our modestly higher earnings outlook and after incorporating a lower discount rate in our DCF model, we are raising our price target from \$7.00 to \$8.00 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 10.3x 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 \$0.24 and \$0.39, respectively, imply 36% year-over-year growth this year followed by 64% 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 2.54 billion (\$356 million) of liquid assets as of September 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	3Q25 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	4,726.3	5,671.6	11,658.3	14,844.4	19,220.3	24,025.4	27%	29%	25%
Net service revenues	341.3	374.9	379.0	388.7	389.8	432.8	422.8	448.9	1,307.5	1,484.0	1,694.2	2,043.6	13%	14%	21%
Total Net Revenues	3,651.1	3,776.7	4,051.2	4,849.3	4,653.4	4,991.5	5,149.2	6,120.5	12,965.8	16,328.4	20,914.5	26,069.0	26%	28%	25%
	27%	27%	24%	25%	27%	32%	27%	26%							
Expenses															
Merchandise costs	(2,947.8)	(2,990.6)	(3,242.8)	(3,905.1)	(3,615.9)	(3,957.6)	(4,094.2)	(4,911.6)	(10,338.9)	(13,086.4)	(16,579.3)	(20,731.3)	27%	27%	25%
Fulfillment expenses	(309.8)	(328.3)	(347.3)	(396.9)	(427.8)	(413.6)	(437.1)	(501.2)	(1,124.0)	(1,382.3)	(1,779.8)	(2,114.1)	23%	29%	19%
Selling and marketing expenses	(321.3)	(354.0)	(315.3)	(376.4)	(418.9)	(406.9)	(363.9)	(414.2)	(1,250.9)	(1,367.0)	(1,603.8)	(1,868.7)	9%	17%	17%
General and administrative expenses	(73.8)	(72.5)	(69.3)	(91.1)	(63.4)	(77.5)	(74.1)	(88.1)	(266.0)	(306.8)	(303.2)	(377.9)	15%	-1%	25%
Technology and content expenses	(50.2)	(49.8)	(53.4)	(57.0)	(55.0)	(62.5)	(63.8)	(75.9)	(195.7)	(210.4)	(257.2)	(320.5)	8%	22%	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	4.8	10.0	36.3	53.4	32.7	35.3	47%	-39%	8%
Total Expenses	(3,694.5)	(3,782.3)	(4,026.4)	(4,796.2)	(4,580.8)	(4,900.4)	(5,028.4)	(5,981.0)	(13,139.1)	(16,299.4)	(20,490.5)	(25,377.3)	24%	26%	24%
Operating Income/(Loss)	(43.4)	(5.6)	24.9	53.1	72.7	91.1	120.8	139.5	(173.3)	29.0	424.0	691.7	-117%	1364%	63%
Interest expense	(4.0)	(4.7)	(3.6)	(2.7)	(1.9)	(1.7)	(1.3)	(1.2)	(7.1)	(15.0)	(6.1)	(4.7)	113%	-60%	-22%
Interest income	6.6	5.3	8.7	6.3	8.4	5.6	5.9	6.6	37.9	26.9	26.5	27.1	-29%	-1%	2%
Other income/(loss), net	(41.4)	0.1	0.0	0.0	(6.5)	4.8	(0.3)	0.0	(5.9)	(41.3)	(2.0)	0.0	601%	-95%	-100%
Pre-Tax Income/(Loss)	(82.2)	(5.0)	30.0	56.7	72.7	99.7	125.2	145.0	(148.4)	(0.4)	442.5	714.2	-100%	NM	61%
Income tax benefits	10.0	8.5	5.9	32.3	(6.3)	(17.3)	(16.9)	(19.6)	42.5	56.9	(60.0)	(96.9)	34%	-206%	61%
Share of loss in equity method investments	(20.7)	(14.3)	(18.1)	(11.6)	(23.6)	(10.0)	(17.5)	(11.6)	(50.4)	(64.7)	(62.7)	(10.0)	28%	-3%	-84%
Net Income/(Loss)	(92.9)	(10.7)	17.9	77.4	42.8	72.3	90.8	113.8	(156.3)	(8.2)	319.7	607.3	-95%	NM	90%
Foreign currency translation adjustment	0.2	(0.3)	(7.1)	14.5	0.0	(5.7)	0.9	0.0	8.9	7.4	(4.9)	0.0	-17%	-166%	-100%
Net comprehensive loss	(92.6)	(11.0)	10.8	92.0	42.8	66.6	91.7	113.8	(147.4)	(0.9)	314.9	607.3	-99%	NM	93%
Earnings per share, basic and diluted	(0.58)	(0.06)	0.11	0.48	0.26	0.44	0.56	0.70	(0.96)	(0.05)	1.97	3.77	-95%	-4014%	91%
Weighted avg shares outstanding, diluted	161.5	166.6	164.3	162.4	162.6	162.6	162.7	162.1	162.2	163.7	162.5	161.2	1%	-1%	-1%
Non-GAAP Reconciliations															
Operating Income/(Loss)	(43.4)	(5.6)	24.9	53.1	72.7	91.1	120.8	139.5	(173.3)	29.0	424.0	691.7	-117%	1364%	63%
Share-Based Compensation Expenses	(56.6)	(42.9)	(32.8)	(34.4)	(12.7)	(12.3)	(18.7)	(18.7)	(134.4)	(166.7)	(62.5)	(74.8)	24%	-63%	20%
Amortization of Intangible Assets	(66.9)	(56.8)	(46.4)	(43.9)	(26.5)	(17.9)	(0.8)	(0.8)	(290.7)	(214.0)	(46.0)	(3.1)	-26%	-79%	-93%
Adjusted Operating Income	80.2	94.1	104.0	131.4	111.9	121.3	140.3	159.0	251.7	409.7	532.5	769.6	63%	30%	45%
Net Income/(Loss)	(92.9)	(10.7)	17.9	77.4	42.8	72.3	90.8	113.8	(156.3)	(8.2)	319.7	607.3	-95%	-3985%	90%
Share-Based Compensation Expenses	(56.6)	(42.9)	(32.8)	(34.4)	(12.7)	(12.3)	(18.7)	(18.7)	(134.4)	(166.7)	(62.5)	(74.8)	24%	-63%	20%
Amortization of Intangible Assets	(66.9)	(56.8)	(46.4)	(43.9)	(26.5)	(17.9)	(0.8)	(0.8)	(290.7)	(214.0)	(46.0)	(3.1)	-26%	-79%	-93%
Tax Impact	10.0	8.5	7.0	32.9	4.0	2.7	0.1	1.7	43.7	58.4	8.5	6.9	34%	-85%	-19%
Adjusted Net Income	20.6	80.5	90.1	122.9	78.0	99.9	110.2	131.5	225.2	314.1	419.6	678.3	39%	34%	62%
Adjusted Earnings per share, diluted	0.13	0.48	0.55	0.76	0.48	0.61	0.68	0.81	1.39	1.91	2.58	4.21	38%	35%	63%
Weighted avg shares outstanding, diluted	161.5	169.1	164.3	162.4	162.6	162.6	162.7	162.1	162.2	164.3	162.5	161.2	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 Mar-24	2Q24 Jun-24	3Q24 Sep-24	4Q24 Dec-24	1Q25 Mar-25	2Q25 Jun-25	3Q25 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	458.4	468.1	523.3	611.1	587.6	636.4	663.9	797.9	1,642.0	2,060.9	2,685.7	3,380.0	26%	30%	26%
Net service revenues	47.3	51.6	54.0	53.3	53.7	60.4	59.4	63.2	184.2	206.1	236.7	287.5	12%	15%	21%
Total Net Revenues	505.7	519.7	577.3	664.4	641.3	696.8	723.3	861.1	1,826.2	2,267.0	2,922.4	3,667.6	24%	29%	25%
Expenses															
Merchandise costs	(408.3)	(411.5)	(462.1)	(535.0)	(498.3)	(552.5)	(575.1)	(691.0)	(1,456.2)	(1,816.9)	(2,316.8)	(2,916.6)	25%	28%	26%
Fulfillment expenses	(42.9)	(45.2)	(49.5)	(54.4)	(59.0)	(57.7)	(61.4)	(70.5)	(158.3)	(191.9)	(248.6)	(297.4)	21%	30%	20%
Selling and marketing expenses	(44.5)	(48.7)	(44.9)	(51.6)	(57.7)	(56.8)	(51.1)	(58.3)	(176.2)	(189.7)	(223.9)	(262.9)	8%	18%	17%
General and administrative expenses	(10.2)	(10.0)	(9.9)	(12.5)	(8.7)	(10.8)	(10.4)	(12.4)	(37.5)	(42.6)	(42.4)	(53.2)	14%	0%	25%
Technology and content expenses	(7.0)	(6.9)	(7.6)	(7.8)	(7.6)	(8.7)	(9.0)	(10.7)	(27.6)	(29.2)	(35.9)	(45.1)	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	0.7	1.4	5.1	7.4	4.6	5.0	44%	-38%	8%
Total Expenses	(511.7)	(520.5)	(573.8)	(657.1)	(631.2)	(684.1)	(706.3)	(841.4)	(1,850.6)	(2,263.0)	(2,863.1)	(3,570.2)	22%	27%	25%
Operating Income/(Loss)	(6.0)	(0.8)	3.5	7.3	10.0	12.7	17.0	19.6	(24.4)	4.0	59.3	97.3	-117%	1369%	64%
Interest expense	(0.6)	(0.7)	(0.5)	(0.4)	(0.3)	(0.2)	(0.2)	(0.2)	(1.0)	(2.1)	(0.8)	(0.7)	110%	-59%	-22%
Interest income	0.9	0.7	1.2	0.9	1.2	0.8	0.8	0.9	5.3	3.7	3.7	3.8	-30%	-1%	3%
Other income/(loss), net	(5.7)	0.0	0.0	0.0	(0.9)	0.7	(0.0)	0.0	(0.8)	(5.7)	(0.3)	0.0	589%	-95%	-100%
Pre-Tax Income/(Loss)	(11.4)	(0.7)	4.3	7.8	10.0	13.9	17.6	20.4	(20.9)	(0.0)	61.9	100.5	-100%	NM	62%
Income tax benefits	1.4	1.2	0.8	4.4	(0.9)	(2.4)	(2.4)	(2.8)	6.0	7.8	(8.4)	(13.6)	31%	-207%	62%
Share of loss in equity method investments	(2.9)	(2.0)	(2.6)	(1.6)	(3.3)	(1.4)	(2.5)	(1.6)	(7.1)	(9.0)	(8.7)	(1.4)	27%	-3%	-84%
Net Income/(Loss)	(12.9)	(1.5)	2.5	10.6	5.9	10.1	12.8	16.0	(22.0)	(1.2)	44.8	85.4	-95%	NM	91%
Foreign currency translation adjustment	0.0	(0.0)	(1.0)	2.0	(0.1)	(0.8)	0.1	0.0	1.3	1.0	(0.8)	0.0	-23%	-184%	-100%
Net comprehensive loss	(12.8)	(1.5)	1.5	12.6	5.8	9.3	12.9	16.0	(20.8)	(0.2)	43.9	85.4	-99%	NM	94%
Earnings per share, basic and diluted	(\$0.05)	(\$0.01)	\$0.01	\$0.04	\$0.02	\$0.04	\$0.05	\$0.07	(\$0.09)	(\$0.00)	\$0.18	\$0.35	-95%	-3947%	92%
Weighted average shares outstanding, basic an	242.2	249.9	246.4	243.6	243.9	243.9	244.0	243.1	243.2	245.5	243.7	241.8	1%	-1%	-1%
Non-GAAP Reconciliations															
Operating Income/(Loss)	(6.0)	(0.8)	3.5	7.3	10.0	12.7	17.0	19.6	(24.4)	4.0	59.3	97.3	-117%	1369%	64%
Share-Based Compensation Expenses	(7.9)	(5.9)	(4.7)	(4.7)	(1.8)	(1.7)	(2.6)	(2.6)	(18.9)	(23.1)	(8.7)	(10.5)	22%	-62%	20%
Amortization of Intangible Assets	(9.3)	(7.8)	(6.6)	(6.0)	(3.6)	(2.5)	(0.1)	(0.1)	(40.9)	(29.7)	(6.4)	(0.4)	-27%	-79%	-93%
Adjusted Operating Income	11.1	12.9	14.8	18.0	15.4	16.9	19.7	22.4	35.5	56.9	74.4	108.3	60%	31%	45%
Net Income/(Loss)	(12.9)	(1.5)	2.5	10.6	5.9	10.1	12.8	16.0	(22.0)	(1.2)	44.8	85.4	-95%	-3919%	91%
Share-Based Compensation Expenses	(7.9)	(5.9)	(4.7)	(4.7)	(1.8)	(1.7)	(2.6)	(2.6)	(18.9)	(23.1)	(8.7)	(10.5)	22%	-62%	20%
Amortization of Intangible Assets	(9.3)	(7.8)	(6.6)	(6.0)	(3.6)	(2.5)	(0.1)	(0.1)	(40.9)	(29.7)	(6.4)	(0.4)	-27%	-79%	-93%
Tax Impact	1.4	1.2	1.0	4.5	0.5	0.4	0.0	0.2	6.0	8.1	1.2	1.0	35%	-85%	-18%
Adjusted Net Income	2.9	11.1	12.8	16.8	10.8	13.9	15.5	18.5	31.9	43.6	58.7	95.4	37%	35%	63%
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	\$0.24	\$0.39	35%	36%	64%
Weighted average shares outstanding, diluted	242.2	253.6	246.4	243.6	243.9	243.9	244.0	243.1	243.2	246.4	243.7	241.8	1%	-1%	-1%

Source: Company reports and Zacks SCR estimates and calculations.

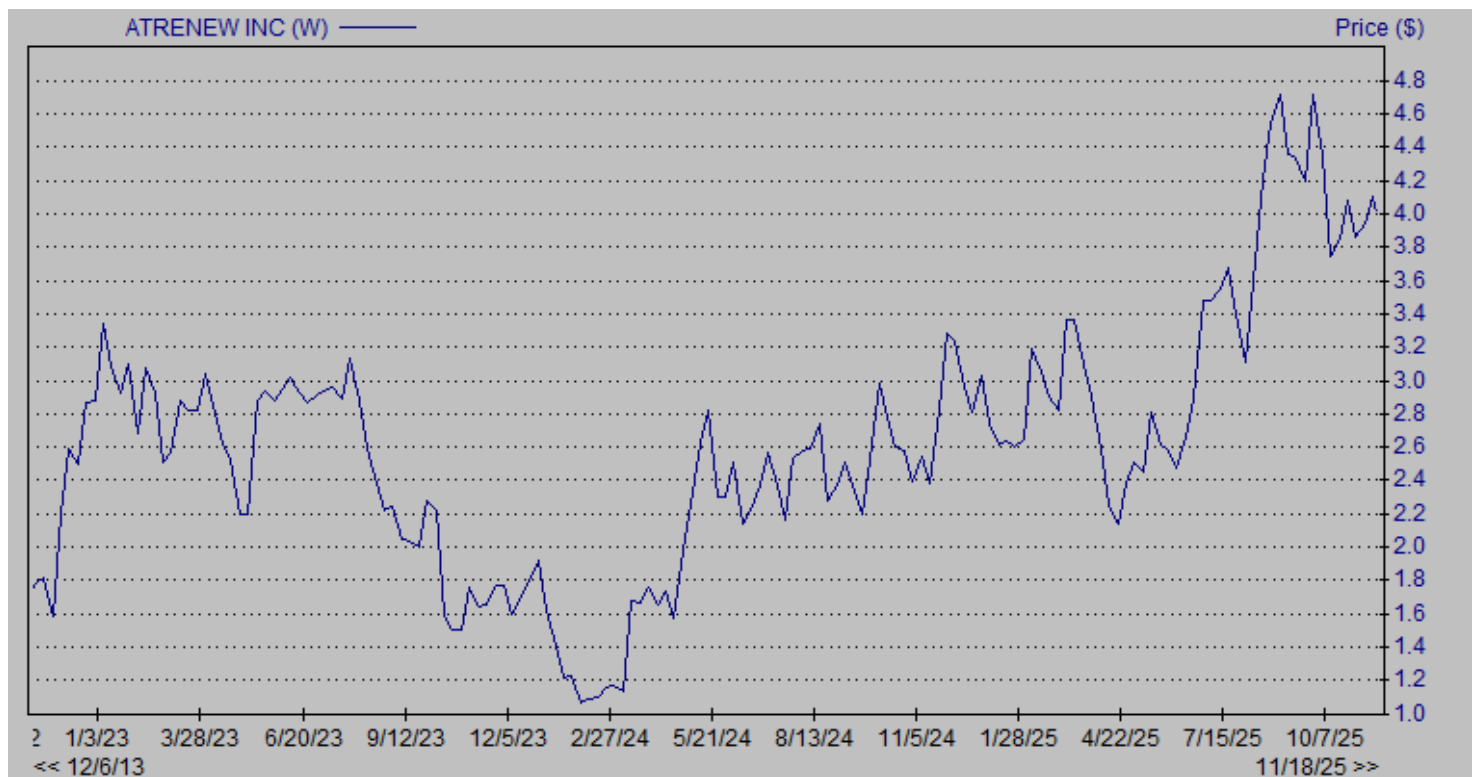
PROJECTED BALANCE SHEET (RMB)

ATRenew Inc.
(RMB in millions)

	Quarterly								Annual				Y/Y Growth		
	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	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
<u>Assets</u>															
Current Assets:															
Cash and cash equivalents	1,609.9	1,643.0	1,347.3	1,970.2	1,809.2	1,299.1	1,627.7	1,643.9	1,978.7	1,970.2	1,643.9	1,709.7	0%	-17%	4%
Restricted cash	232.0	232.0	132.0	132.0	100.0	104.2	6.7	6.7	210.0	132.0	6.7	7.0	-37%	-95%	4%
Short-term investments	472.7	637.7	630.1	583.8	577.9	625.7	546.7	552.2	410.5	583.8	552.2	574.2	42%	-5%	4%
Amount due from related parties, net	139.6	179.7	218.8	117.2	253.3	406.4	244.4	246.9	89.6	117.2	246.9	256.8	31%	111%	4%
Inventories	847.7	660.0	678.0	535.1	736.2	814.1	698.8	712.8	1,017.2	535.1	712.8	769.8	-47%	33%	8%
Funds receivable from third party payment se	285.3	256.0	241.0	233.1	294.3	319.7	356.1	359.6	253.1	233.1	359.6	374.0	-8%	54%	4%
Prepayments and other receivables, net	633.8	600.5	754.6	598.0	699.1	734.7	903.7	912.7	567.6	598.0	912.7	949.2	5%	53%	4%
Total Current Assets	4,221.1	4,208.9	4,001.9	4,169.4	4,469.9	4,303.9	4,384.0	4,434.8	4,526.7	4,169.4	4,434.8	4,640.7	-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	514.3	524.5	467.1	556.1	524.5	566.5	19%	-6%	8%
Property and equipment, net	150.1	145.7	159.2	156.5	177.4	197.2	229.7	234.3	148.2	156.5	234.3	253.0	6%	50%	8%
Intangible assets, net	203.7	146.9	100.5	56.6	30.1	12.2	11.4	10.3	270.6	56.6	10.3	6.2	-79%	-82%	-40%
Other non-current assets	74.4	67.1	149.1	152.1	155.0	160.7	158.6	161.7	80.4	152.1	161.7	174.7	89%	6%	8%
Total Non-Current Assets	950.3	914.1	967.1	921.4	885.8	896.4	913.9	930.8	966.4	921.4	930.8	1,000.3	-5%	1%	7%
Total Assets	5,171.3	5,123.0	4,969.0	5,090.7	5,355.7	5,200.3	5,297.9	5,365.6	5,493.1	5,090.7	5,365.6	5,641.1	-7%	5%	5%
<u>Liabilities</u>															
Current Liabilities:															
Short-term borrowings	560.4	465.4	307.3	225.0	281.0	171.0	149.8	149.8	349.9	225.0	149.8	149.8	-36%	-33%	0%
Accounts payable	133.8	73.2	105.3	171.4	152.5	140.0	146.3	149.2	532.3	171.4	149.2	161.1	-68%	-13%	8%
Contract liabilities	87.0	176.5	81.6	98.8	228.3	104.2	79.1	79.9	119.7	98.8	79.9	83.1	-17%	-19%	4%
Accrued expenses and other current liabilities	448.1	435.5	478.1	522.4	563.4	584.9	648.5	655.0	465.1	522.4	655.0	681.2	12%	25%	4%
Accrued payroll and welfare	105.6	125.3	148.9	179.7	167.4	184.8	189.9	193.7	146.4	179.7	193.7	209.2	23%	8%	8%
Amount due to related parties	85.3	132.8	116.3	109.7	139.8	146.9	116.4	117.6	78.0	109.7	117.6	122.3	41%	7%	4%
Total Current Liabilities	1,420.3	1,408.7	1,237.5	1,307.0	1,532.3	1,331.8	1,330.0	1,345.2	1,691.5	1,307.0	1,345.2	1,406.7	-23%	3%	5%
Non-Current Liabilities:															
Operating lease liabilities, non-current	17.8	14.9	80.4	79.9	76.4	73.2	77.0	78.5	22.5	79.9	78.5	84.8	255%	-2%	8%
Deferred tax liabilities	57.6	49.1	42.1	9.2	5.3	2.6	2.5	2.2	67.7	9.2	2.2	1.3	-86%	-76%	-40%
Total Non-Current Liabilities	75.4	64.0	122.5	89.2	81.7	75.8	79.5	80.7	90.2	89.2	80.7	86.1	-1%	-9%	7%
Total Liabilities	1,495.7	1,472.7	1,360.0	1,396.2	1,614.0	1,407.6	1,409.5	1,425.9	1,781.6	1,396.2	1,425.9	1,492.9	-22%	2%	5%
Total Shareholders' Equity	3,675.7	3,650.3	3,609.0	3,694.6	3,741.8	3,792.7	3,888.4	3,939.7	3,711.5	3,694.6	3,939.7	4,148.2	0%	7%	5%
Total Liabilities & Shareholders' Equity	5,171.3	5,123.0	4,969.0	5,090.7	5,355.7	5,200.3	5,297.9	5,365.6	5,493.1	5,090.7	5,365.6	5,641.1	-7%	5%	5%

Source: Company reports and Zacks SCR estimates and calculations.

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

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.

Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.

SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover.

SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

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

CANADIAN COVERAGE

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