

Zacks Small-Cap Research

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ATRenew Inc

(NYSE: RERE)

RERE: Diversification and a Dominant Market Position Enable ATRenew to Deliver Stellar Results Despite a Challenging Economic Backdrop.

ATRenew reported adjusted net income of RMB140.1 million (\$20.3 million) for the first quarter of 2026, or \$0.08 per ADS, a penny ahead of our forecast. Adjusting our 2026 and 2027 adjusted earnings per ADS estimates \$0.40 and \$0.49/ADS to reflect investment in new business lines.

Current Price (05/19/26) \$5.02
Valuation \$8.00

OUTLOOK

Higher memory costs and supply disruptions depressed Q1 smartphone demand in China, where handset sales dipped 4%, but Apple gained significant share, which appears to have insulated ATRenew from the impact of the broader slowdown. The company continues to expand its offline presence, and its doorstep fulfillment approach appears to be deepening brand awareness. The company realized significant operating efficiencies as its revenue base grew, and it is poised to expand into new, high-margin categories such as luxury goods and precious metals.

SUMMARY DATA

52-Week High \$6.47
52-Week Low \$2.41
One-Year Return (%) 77%
Beta 0.25
Average Daily Volume (sh) 1,416,095

Shares Outstanding (mil)* 242
Market Capitalization (\$bil) \$1.22
Short Interest Ratio (days) N/A
Institutional Ownership (%) 41
Insider Ownership (%) 3

Annual Cash Dividend \$0.10
Dividend Yield (%) 1.99

5-Yr. Historical Growth Rates
Sales (%) 23.7
Earnings Per Share (%) N/A
Dividend (%) N/A

P/E using TTM EPS 17.9
P/E using 2026 Estimate 12.6
P/E using 2027 Estimate 10.2

Zacks Rank N/A

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) |
|------|-------------|-------------|-------------|-------------|---------------|
| 2024 | 506 A | 520 A | 577 A | 664 A | 2,267 A |
| 2025 | 641 A | 697 A | 723 A | 894 A | 2,955 A |
| 2026 | 893 A | 922 E | 963 E | 1,051 E | 3,828 E |
| 2027 | 1,008 E | 1,075 E | 1,149 E | 1,277 E | 4,509 E |

Adjusted Net Income/American Depositary Shares¹

| | Q1 (Mar) | Q2 (Jun) | Q3 (Sep) | Q4 (Dec) | Year (Dec) |
|------|-------------|-------------|-------------|-------------|---------------|
| 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 A | \$0.25 A |
| 2026 | \$0.08 A | \$0.09 E | \$0.12 E | \$0.13 E | \$0.40 E |
| 2027 | \$0.09 E | \$0.11 E | \$0.13 E | \$0.16 E | \$0.49 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.

WHAT'S NEW

ATRenew Reports Strong First Quarter 2026 Results

Before the market opened on May 19, ATRenew released its first-quarter results for 2026, highlighting that the diversification of its product lines, strong consumer branding, and access to premium products continue to drive growth, even as the broader domestic smartphone market in China has contracted. ATRenew continues to gain mindshare among consumers, and the company's strong affiliation with Apple products helped drive demand in Q1.

While total smartphone shipments fell roughly 4% in Q1, Apple's market share in China grew to 19% in the quarter, up from 13% a year ago, as the launch of the iPhone 17 enabled Apple to gain share at the expense of other manufacturers like Oppo and Xiaomi.¹ The continued strong performance of the iPhone has benefited ATRenew as Apple products have strong resale value, and this upgrade cycle has driven more consumers to the ATRenew platforms. We'll discuss the current market conditions, including the recently announced iPhone price cut, later in this report.

Total net product revenues at ATRenew jumped 34.4% from the same period of 2025 to RMB5.73 billion (\$830 million) and were only down 1.7% sequentially from the seasonally strong fourth quarter of 2025. The strong performance of the iPhone 17 was likely the primary driver of this outperformance, but we noted that the company cited strength across all consumer electronics lines, so we think the demand for other Apple products, including MacBooks, may have temporarily boosted revenue in the quarter. In mid-March, the company commented in an interview on CNBC that demand for MacBooks was surging as many people were looking for safe alternative platforms to run OpenClaw, a viral, AI personal assistant tool. This demand was robust enough to drive MacBook pricing higher, and we think it may have contributed to the stronger results in the quarter as well.

While at the time of the CNBC interview in March, the company indicated that it anticipated this level of demand continuing through the balance of 2026, we've noted a sharp decline in Google searches for the term "OpenClaw" since peaking in March, and we think that the frenzy around this market has cooled.

Figure 1: Google Trends "OpenClaw" searches



Source: Google Trends and Zacks Small Cap Research

Net product revenues for ATRenew exceeded our forecast by 4.5%, or RMB249 million, largely due to higher unit volume, and we believe higher average pricing, driven by a higher proportion of Apple products and higher pricing across all brands as a result of higher memory costs. The company's net service revenues were up 10.3% year-over-year in the first quarter of 2026 and were up almost 2% from the seasonally strong fourth quarter. The company continues to broaden its reach into other consumer product areas and reported significant growth in both its luxury goods business (up more than 58%) and gold recycling business (up more than 83%). We believe investors have underappreciated the growth in these business lines, and a key component of the long-term investment thesis in ATRenew will be whether the company is valued more as a resale marketplace than as a straight recycling company.

The company's 1P business (First Party sales, where ATRenew acts as the retailer of goods to consumers) posted an impressive gross margin of 15.9% in the quarter, up from 15.2% a year ago. The company attributed this improvement to efficiency gains in consumer-to-business sales and a more diversified retail channel sales mix. We also believe that strong demand (particularly for Apple products like iPhones and MacBooks) resulted in abnormally firm pricing in the quarter, which further bolstered margins.

The balance of the company's operating expenses were roughly in line with the higher volume of sales and as a result of a slight improvement in margins, ATRenew reported GAAP net income of RMB135.1 million for the quarter (\$19.6 million). After adjusting for non-cash share-based compensation expenses of RMB4.4 million in the quarter and small amortization of intangibles (RMB780 thousand), adjusted non-GAAP income was reported at RMB140.1 million or \$20.3 million for the quarter or \$0.08/ADS, which was about \$2.3 million ahead of our forecast or a little over a \$0.01/ADS.

KEY TAKEAWAYS

- ATRenew maintains a dominant and growing market position:** ATRenew is well-established as the leader of China's consumer electronics circular economy. The company has set the standard for collection, inspection, refurbishment, and sales processes for consumer electronics (primarily smartphones). Growing consumer brand recognition of ATRenew's platforms in China, driven by its offline investments, is paying dividends. The breadth and depth of the company's offline collection channels, its strong relationship with JD.com, and its investments in automating inspection technologies have positioned ATRenew at the forefront of the consumer electronics recycling market in China. Increasing economies of scale should further boost profitability, and new efforts, such as prioritizing doorstep fulfillment, may further enhance customer loyalty.
- Transaction activity remained very strong:** Historically, the company experiences a bit of a pullback in transaction volume and revenue in the first quarter of the calendar year as new phone model introductions in the fourth quarter and the shopping holidays of 11/11 and 12/12 all fall in that period. The only major shopping event on the calendar in Q1 is the lunar new year, yet despite the anticipated seasonal weakness, revenues were virtually flat sequentially (down 1.5%), and transaction volume remained very high, with more than 10.8 million products transacted. While market observers have been forecasting lengthening smartphone replacement cycles as phone prices rise, demand for the latest technology, such as the iPhone 17, has surprised to the upside. It is unclear whether these upgrade cycles will begin to lengthen in the latter part of 2026 if the domestic economy in China remains challenged.
- Multi-category expansion:** The company continues to expand its multi-category business slowly, and it appears this business could provide a good counterbalance to the consumer electronics business. While pricing, grading, and sourcing luxury goods and gold pose additional challenges not present in the refurbished consumer electronics market, the margin opportunity in some of these markets is substantial. There is also a greater degree of inventory risk if brand loyalties change or if trends in the marketplace change, but as this line of business grows to become a larger percentage of the overall business, we anticipate that the market may begin to assign a premium valuation to this line of business, similar to other secondary market companies like The RealReal and ThredUp.
- International Growth:** Management highlighted growing opportunities to connect China's large supply of used consumer electronics with strong global demand for refurbished devices. The company's overseas operations have delivered steady sequential growth throughout 2025. ATRenew has also implemented an integrated inventory system enabling China-sourced devices to undergo a single inspection before being listed across multiple export markets, improving efficiency and inventory management. At the same time, the company is emphasizing regulatory compliance and has been involved in developing cross-border standards for second-hand goods, helping streamline customs processes and improve export timelines. International operations will likely be a key driver of growth over the next three to five years.
- Margin expansion:** Strong pricing in the consumer electronics market pushed gross margins to 15.9% in Q1 2026, but we are maintaining a more conservative stance with margins around 14% in 2026 and 2027. If pricing remains elevated, demand remains strong, and the company can gain further efficiencies in its consumer model, it could push margins above our current projections. Given ATRenew's relatively stable operating cost structure, small incremental changes in gross margin can have a meaningful impact on reported net income.

INDUSTRY UPDATE

The smartphone industry is facing a more complex demand environment, as recent upgrades have led to longer retention periods among most customers (longer replacement cycles), and, when combined with price increases, overall unit growth has slowed. These trends are consistent with data from China, where consumer confidence remains uneven and has been affected by global economic uncertainty. As we've noted, memory pricing and component costs continue to rise, which is resulting in higher average prices across the industry.

Several leading Android smartphone providers in China have hinted at price increases in 2026, which could slow demand for new units but could be a positive for ATRenew as customers trade up to a more affordable refurbished unit that is "new to them". If this trend, which appears to have emerged in late 2025/early 2026, continues, it could lead to stronger pricing for ATRenew, stronger residual values, and potentially better margins.

A potential signal about the health of the market in China came when Apple cut prices on its flagship iPhone 17 Pro models by 1,000 yuan on May 15th. Apple has historically shown better pricing discipline than its Android competitors, and some saw this price cut as a move to shore up demand during a particularly slow period before the 6/18 shopping holiday.

Historically, Apple's market share gains have been a net positive for ATRenew, so we will need to monitor market share data for the remainder of 2026 to see whether this pricing shift impacts market share in a meaningful way.

As we noted in our last update, several dates remain undetermined for the pending iPhone 18 launch. There is increasing industry chatter that Apple is ordering more iPhone 17 components through November 2026, which may signal the company's intention to stagger the iPhone 18 launch, with Pro models released in the fall and standard models in the Spring of 2027. It is difficult to say what impact this could have on upgrades in China if Apple elects this strategy but with the iPhone 18 Pro and 18 Pro Max having rumored prices of RMB7,700 and RMB8,400 (\$1,100 and \$1,200) the lack of a new iPhone model in 2026 released below the qualifying price for subsidies in China (RMB6,000) would likely have a material impact on our Q4 2026 revenue estimate.

However, we largely expect this to be simply a timing issue if Apple releases a sub-RMB6,000 standard iPhone 18 in the Spring of 2027. Finally, it is uncertain whether the Chinese government will extend subsidies again in 2026, so if consumers fear that the 2027 iPhone 18 launch would not be eligible for subsidies, we could see significant demand pulled forward for the (now more affordable) iPhone 17 in China when the iPhone 18 launch dates are confirmed.

The prospect of there being a new iPhone on the market, but one that is not eligible for subsidies, could be difficult to model, but we think investors should prepare for the possibility of a temporary demand disruption that could slow upgrades and trade-ins for ATRenew in the fourth quarter, while simultaneously pulling forward demand into Q2 and Q3 (mostly Q3).

We will provide investors with guidance on how best to navigate this shifting upgrade cycle once we have more information later this summer.

RECENT NEWS

In the company's first-quarter earnings release, ATRenew announced that its board of directors had extended its previously authorized share repurchase program for another 12 months, starting after 6/30/26. To date, the company has repurchased approximately 2.3 million ADSs for approximately \$10.6 million, leaving approximately \$39.4 million of availability under this program.

VALUATION

Model adjustments: We have adjusted our model to reflect the very strong Q1 results and the company's guidance for Q2 revenues of between RMB6.24 billion and RMB6.34 billion. As a result of this updated guidance, our total revenue forecast for 2026 is now RMB26.4 billion (up from a previous estimate of RMB26.0 billion), representing roughly 25.5% topline growth. We are maintaining our 2027 revenue estimate of RMB31.1 billion, but we are monitoring the timing of Apple's iPhone 18 launch. If Apple staggers the launch, we believe we may have to increase our Q3 revenue forecast, while decreasing our Q4 revenue forecast and pushing some of that revenue into 2027.

Management has also provided further details on the company's share of losses in equity method investments, and we have now modeled those losses at about RMB47 million and RMB18.5 million in 2027. As a result of these adjustments, at current exchange rates, our full-year adjusted earnings per ADS estimate is now \$0.40/ADS, and our 2027 forecast is \$0.49/ADS. We believe the company is likely seeing trends in the business that give management greater confidence in the topline and margin forecasts, but we would like to see these trends continue for another quarter or two before making meaningful adjustments to our assumptions.

We believe investors are likely to revalue ATRenew once there is greater clarity on the next iPhone release dates. The stock has underperformed recently, but we believe there is upside to our forecasts in the back half of 2026 or early 2027, depending on the iPhone 18 release date. For the time being, we are leaving our target unchanged at \$8.00/ADS. With the stock trading at just 10 times our 2027 adjusted earnings per ADS estimate, we believe ATRenew offers a unique small-cap growth value in an expensive market.

INVESTMENT THESIS

ATRenew is the largest pre-owned consumer electronics transactions and services platform in China, focusing 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, which typically involve multiple intermediaries and thereby compromise timelines and 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 2026 and 2027 adjusted earnings per ADS estimates are \$0.40 and \$0.49, respectively, imply 64% year-over-year growth in 2026. Focusing on the top line, we forecast revenue growth to hold steady at slightly above 25% through 2026.

4. Strong Capital Base to Fund growth + Capital Return: With RMB1.72 billion (\$249 million) of liquid assets as of March 31, 2025, combined with strong cash flow generation, ATRenew maintains ample liquidity to continue to fund growth and return capital to shareholders as evidenced by the announced dividend payment. 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.

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 Chinese cell phone manufacturers, 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.

¹ https://www.phonearena.com/news/china-smartphone-market-report-q1-2026-huawei-number-one-vendor-apple-number-two_id179658

PROJECTED INCOME STATEMENT (RMB)

ATRenew Inc.
(RMB in millions)

| | 2023A | 2024A | 2025A | Q1 2026A | Q2 2026E | Q3 2026E | Q4 2026E | 2026E | Q1 2027E | Q2 2027E | Q3 2027E | Q4 2027E | 2027E |
|--|-----------------|-----------------|-----------------|----------------|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|-----------------|
| Revenues | | | | | | | | | | | | | |
| Net product revenues | 11,658.3 | 14,844.4 | 19,379.9 | 5,729.8 | 5,913.2 | 6,179.3 | 6,766.3 | 24,588.5 | 6,461.8 | 6,914.1 | 7,398.1 | 8,245.2 | 29,019.3 |
| Net service revenues | 1,307.5 | 1,484.0 | 1,668.4 | 430.3 | 443.2 | 465.4 | 484.0 | 1,822.9 | 488.8 | 503.5 | 528.7 | 560.4 | 2,081.4 |
| Total Net Revenues | 12,965.8 | 16,328.4 | 21,048.2 | 6,160.1 | 6,356.4 | 6,644.6 | 7,250.3 | 26,411.4 | 6,950.6 | 7,417.6 | 7,926.8 | 8,805.6 | 31,100.6 |
| Expenses | | | | | | | | | | | | | |
| Merchandise costs | 10,338.9 | 13,086.4 | 16,700.0 | 4,816.8 | 5,085.3 | 5,314.2 | 5,813.9 | 21,030.2 | 5,563.6 | 5,946.2 | 6,355.0 | 7,078.5 | 24,943.3 |
| Fulfillment expenses | 1,124.0 | 1,382.3 | 1,761.7 | 524.0 | 499.0 | 515.0 | 543.8 | 2,081.8 | 542.1 | 571.2 | 602.4 | 647.2 | 2,363.0 |
| Selling and marketing expenses | 1,250.9 | 1,367.0 | 1,653.7 | 493.9 | 444.9 | 441.9 | 478.5 | 1,859.2 | 500.4 | 519.2 | 527.1 | 572.4 | 2,119.2 |
| General and administrative expenses | 266.0 | 306.8 | 275.0 | 79.8 | 89.0 | 93.0 | 101.5 | 363.3 | 97.3 | 103.8 | 111.0 | 123.3 | 435.4 |
| Research and development expenses | 195.7 | 210.4 | 243.9 | 73.4 | 76.3 | 79.7 | 87.0 | 316.4 | 83.4 | 89.0 | 95.1 | 105.7 | 373.2 |
| Goodwill impairment loss | - | - | - | 0.0 | 0.0 | 0.0 | 0.0 | - | 0.0 | 0.0 | 0.0 | 0.0 | - |
| Other operating income, net | (36.3) | (53.4) | (42.2) | (13.1) | (8.4) | (10.6) | (11.4) | (43.5) | (7.7) | (8.4) | (10.6) | (11.4) | (38.1) |
| Total Expenses | 13,139.1 | 16,299.4 | 20,592.1 | 5,974.8 | 6,186.1 | 6,433.2 | 7,013.3 | 25,607.4 | 6,779.2 | 7,221.0 | 7,680.1 | 8,515.6 | 30,195.9 |
| Operating Income/(Loss) | (173.3) | 29.0 | 456.2 | 185.3 | 170.3 | 211.4 | 236.9 | 804.0 | 171.4 | 196.6 | 246.7 | 290.0 | 904.7 |
| Interest expense | (7.1) | (15.0) | (6.1) | (2.1) | (1.2) | (1.2) | (1.2) | (5.7) | (0.6) | (0.6) | (0.6) | (0.6) | (2.4) |
| Interest income | 37.9 | 26.9 | 20,518 | 3.9 | 6.7 | 6.8 | 7.0 | 24.4 | 7.1 | 7.3 | 7.2 | 7.4 | 29.0 |
| Other income/(loss), net | (5.9) | (41.3) | (10.3) | (16.0) | - | - | - | (16.0) | - | - | - | - | - |
| Pre-Tax Income/(Loss) | (148.4) | (0.4) | 460.3 | 171.2 | 175.8 | 217.0 | 242.7 | 806.7 | 177.9 | 203.3 | 253.3 | 296.8 | 931.3 |
| Income tax benefits/(expense) | 42.5 | 56.9 | (56.8) | (19.0) | (23.7) | (29.3) | (32.8) | (104.8) | (25.4) | (29.0) | (36.1) | (42.3) | (132.7) |
| Share of loss in equity method investments | (50.4) | (64.7) | (67.3) | (17.0) | (12.0) | (10.0) | (8.0) | (47.0) | (7.0) | (5.0) | (4.0) | (2.5) | (18.5) |
| Net Income/(Loss) | (156.3) | (8.2) | 336.3 | 135.1 | 140.0 | 177.7 | 202.0 | 654.9 | 145.6 | 169.4 | 213.2 | 252.0 | 780.1 |
| Foreign currency translation adjustment | 8.9 | 7.4 | (4.7) | - | - | - | - | - | - | - | - | - | - |
| Net comprehensive income/(loss) | (147.4) | (0.9) | 331.5 | 135.1 | 140.0 | 177.7 | 202.0 | 654.9 | 145.6 | 169.4 | 213.2 | 252.0 | 780.1 |
| Earnings per share, basic and diluted | (0.96) | (0.05) | 2.07 | 0.84 | 0.87 | 1.10 | 1.26 | 4.07 | 0.91 | 1.05 | 1.33 | 1.57 | 4.86 |
| Weighted avg shares outstanding, diluted | 162.2 | 163.7 | 162.2 | 161.4 | 161.2 | 161.2 | 160.6 | 161.1 | 160.6 | 160.6 | 160.6 | 160.6 | 160.6 |
| Non-GAAP Reconciliations | | | | | | | | | | | | | |
| Operating Income/(Loss) | (173.3) | 29.0 | 456.1 | 185.3 | 170.3 | 211.4 | 236.9 | 804.0 | 171.4 | 196.6 | 246.7 | 290.0 | 904.7 |
| Share-Based Compensation Expenses | (134.4) | (166.7) | (52.9) | (4.4) | (4.4) | (4.4) | (4.4) | (17.4) | (4.4) | (4.4) | (4.4) | (4.4) | (17.4) |
| Amortization of Intangible Assets | (290.7) | (214.0) | (46.0) | (0.8) | (0.8) | (0.8) | (0.8) | (3.2) | - | - | - | - | - |
| Adjusted Operating Income | 251.8 | 409.7 | 555.0 | 190.5 | 175.4 | 216.6 | 242.1 | 824.6 | 175.8 | 201.0 | 251.1 | 294.3 | 922.2 |
| Net Income/(Loss) | (156.3) | (8.2) | 336.3 | 135.1 | 140.0 | 177.7 | 202.0 | 654.9 | 145.6 | 169.4 | 213.2 | 252.0 | 780.1 |
| Share-Based Compensation Expenses | (134.4) | (166.7) | (52.9) | (4.4) | (4.4) | (4.4) | (4.4) | (17.4) | (4.4) | (4.4) | (4.4) | (4.4) | (17.4) |
| Amortization of Intangible Assets | (290.7) | (214.0) | (46.0) | (0.8) | (0.8) | (0.8) | (0.8) | (3.2) | - | - | - | - | - |
| Tax Impact | 43.7 | 58.4 | 8.5 | 0.1 | 1.7 | 1.7 | 1.7 | 8.5 | 1.7 | 1.7 | 1.7 | 1.7 | 8.5 |
| Adjusted Net Income | 225.2 | 314.1 | 428.2 | 140.0 | 143.4 | 181.1 | 205.3 | 669.9 | 148.2 | 171.9 | 215.8 | 254.5 | 790.4 |
| Adjusted Earnings per share, diluted | 1.39 | 1.92 | 2.64 | 0.87 | 0.89 | 1.12 | 1.28 | 4.16 | 0.92 | 1.07 | 1.34 | 1.58 | 4.92 |
| Weighted avg shares outstanding, diluted | 162.2 | 163.7 | 162.2 | 161.4 | 161.2 | 161.2 | 160.6 | 161.1 | 160.6 | 160.6 | 160.6 | 160.6 | 160.6 |

Source: Company reports and Zacks SCR estimates and calculations

PROJECTED INCOME STATEMENT (USD)

ATRenew Inc.
(USD in millions)

| | 2023A | 2024A | 2025A | Q1 2026A | Q2 2026E | Q3 2026E | Q4 2026E | 2026E | Q1 2027E | Q2 2027E | Q3 2027E | Q4 2027E | 2027E |
|--|----------------|----------------|----------------|--------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Revenues | | | | | | | | | | | | | |
| Net product revenues | 1,642.0 | 2,060.9 | 2,733.2 | 830.6 | 857.2 | 895.8 | 980.9 | 3,564.6 | 936.8 | 1,002.3 | 1,072.5 | 1,195.3 | 4,206.9 |
| Net service revenues | 184.2 | 206.1 | 234.8 | 62.4 | 64.3 | 67.5 | 70.2 | 264.3 | 70.9 | 73.0 | 76.6 | 81.2 | 301.7 |
| Total Net Revenues | 1,826.2 | 2,267.0 | 2,968.0 | 893.0 | 921.5 | 963.3 | 1,051.1 | 3,828.8 | 1,007.6 | 1,075.3 | 1,149.1 | 1,276.5 | 4,508.6 |
| Expenses | | | | | | | | | | | | | |
| Merchandise costs | 1,456.2 | 1,816.9 | 2,355.4 | 698.3 | 737.2 | 770.4 | 842.8 | 3,048.7 | 806.6 | 862.0 | 921.3 | 1,026.2 | 3,616.0 |
| Fulfillment expenses | 158.3 | 191.9 | 248.1 | 76.0 | 72.3 | 74.7 | 78.8 | 301.8 | 78.6 | 82.8 | 87.3 | 93.8 | 342.6 |
| Selling and marketing expenses | 176.2 | 189.7 | 232.9 | 71.6 | 64.5 | 64.1 | 69.4 | 269.5 | 72.5 | 75.3 | 76.4 | 83.0 | 307.2 |
| General and administrative expenses | 37.5 | 42.6 | 38.6 | 11.6 | 12.9 | 13.5 | 14.7 | 52.7 | 14.1 | 15.1 | 16.1 | 17.9 | 63.1 |
| Technology and content expenses | 27.6 | 29.2 | 34.4 | 10.6 | 11.1 | 11.6 | 12.6 | 45.9 | 12.1 | 12.9 | 13.8 | 15.3 | 54.1 |
| Goodwill impairment loss | - | - | - | 0.0 | 0.0 | 0.0 | 0.0 | - | 0.0 | 0.0 | 0.0 | 0.0 | - |
| Other operating income, net | (5.1) | (7.4) | (6.0) | (1.9) | (1.2) | (1.5) | (1.7) | (6.3) | (1.1) | (1.2) | (1.5) | (1.7) | (5.5) |
| Total Expenses | 1,850.6 | 2,263.0 | 2,903.4 | 866.2 | 896.8 | 932.6 | 1,016.7 | 3,712.3 | 982.8 | 1,046.8 | 1,113.4 | 1,234.5 | 4,377.5 |
| Operating Income/(Loss) | (24.4) | 4.0 | 64.6 | 26.9 | 24.7 | 30.7 | 34.4 | 116.6 | 24.9 | 28.5 | 35.8 | 42.0 | 131.2 |
| Interest expense | (1.0) | (2.1) | (0.9) | (0.3) | (0.2) | (0.2) | (0.2) | (0.8) | (0.1) | (0.1) | (0.1) | (0.1) | (0.3) |
| Interest income | 5.3 | 3.7 | 2.8 | 0.6 | 1.0 | 1.0 | 1.0 | 3.4 | 1.0 | 1.1 | 1.0 | 1.1 | 4.2 |
| Other income/(loss), net | (0.8) | (5.7) | (1.5) | (2.3) | - | - | - | (2.3) | - | - | - | - | - |
| Pre-Tax Income/(Loss) | (20.9) | (0.0) | 65.1 | 24.8 | 25.5 | 31.4 | 35.1 | 116.8 | 25.8 | 29.5 | 36.7 | 43.0 | 135.0 |
| Income tax benefits/(expense) | 6.0 | 7.8 | (8.1) | (2.8) | (3.4) | (4.2) | (4.8) | (15.2) | (3.7) | (4.2) | (5.2) | (6.1) | (19.2) |
| Share of loss in equity method investments | (7.1) | (9.0) | (9.5) | (2.5) | (1.7) | (1.4) | (1.2) | (6.8) | (1.0) | (0.7) | (0.6) | (0.4) | (2.7) |
| Net Income/(Loss) | (22.0) | (1.2) | 47.7 | 19.6 | 20.3 | 25.7 | 29.2 | 94.8 | 21.1 | 24.6 | 30.9 | 36.5 | 113.1 |
| Foreign currency translation adjustment | 1.3 | 1.0 | (0.7) | - | - | - | - | - | - | - | - | - | - |
| Net comprehensive income/(loss) | (20.8) | (0.2) | 46.8 | 19.6 | 20.3 | 25.7 | 29.2 | 94.8 | 21.1 | 24.6 | 30.9 | 36.5 | 113.1 |
| Earnings per share, basic and diluted | (0.09) | (0.00) | 0.20 | 0.08 | 0.08 | 0.11 | 0.12 | 0.39 | 0.09 | 0.10 | 0.13 | 0.15 | 0.47 |
| Weighted avg shares outstanding, diluted | 243.2 | 245.5 | 243.7 | 242.1 | 241.8 | 241.8 | 240.9 | 241.6 | 240.9 | 240.9 | 240.9 | 240.9 | 240.9 |
| Non-GAAP Reconciliations | | | | | | | | | | | | | |
| Operating Income/(Loss) | (24.4) | 4.0 | 64.4 | 26.9 | 24.7 | 30.7 | 34.4 | 116.6 | 24.9 | 28.5 | 35.8 | 42.0 | 131.2 |
| Share-Based Compensation Expenses | (18.9) | (23.1) | (7.5) | (0.6) | (0.6) | (0.6) | (0.6) | (2.5) | (1.3) | (1.3) | (1.3) | (1.3) | (5.3) |
| Amortization of Intangible Assets | (40.9) | (29.7) | (6.3) | (0.1) | (0.1) | (0.1) | (0.1) | (0.5) | - | - | - | - | - |
| Adjusted Operating Income | 35.5 | 56.9 | 78.2 | 27.6 | 25.4 | 31.4 | 35.1 | 119.5 | 26.2 | 29.8 | 37.1 | 43.4 | 136.4 |
| Net Income/(Loss) | (22.0) | (1.2) | 47.7 | 19.6 | 20.3 | 25.7 | 29.2 | 94.8 | 21.1 | 24.6 | 30.9 | 36.5 | 113.1 |
| Share-Based Compensation Expenses | (18.9) | (23.1) | (7.5) | (0.6) | (0.6) | (0.6) | (0.6) | (2.5) | (1.3) | (1.3) | (1.3) | (1.3) | (5.3) |
| Amortization of Intangible Assets | (40.9) | (29.7) | (6.3) | (0.1) | (0.1) | (0.1) | (0.1) | (0.5) | - | - | - | - | - |
| Tax Impact | 6 | 8.1 | 1.0 | 0.0 | 0.2 | 0.2 | 0.2 | 0.8 | 0.2 | 0.2 | 0.2 | 0.2 | 1.0 |
| Adjusted Net Income | 31.9 | 43.6 | 60.6 | 20.3 | 20.7 | 26.1 | 29.6 | 96.8 | 22.1 | 25.5 | 31.9 | 37.5 | 117.0 |
| Adjusted Earnings per share, diluted | 0.13 | 0.18 | 0.25 | 0.08 | 0.09 | 0.11 | 0.12 | 0.40 | 0.09 | 0.11 | 0.13 | 0.16 | 0.49 |
| Weighted avg shares outstanding, diluted | 243.2 | 245.5 | 243.7 | 242.1 | 241.8 | 241.8 | 240.9 | 241.6 | 240.9 | 240.9 | 240.9 | 240.9 | 240.9 |

Source: Company reports and Zacks SCR estimates and calculations

BALANCE SHEET

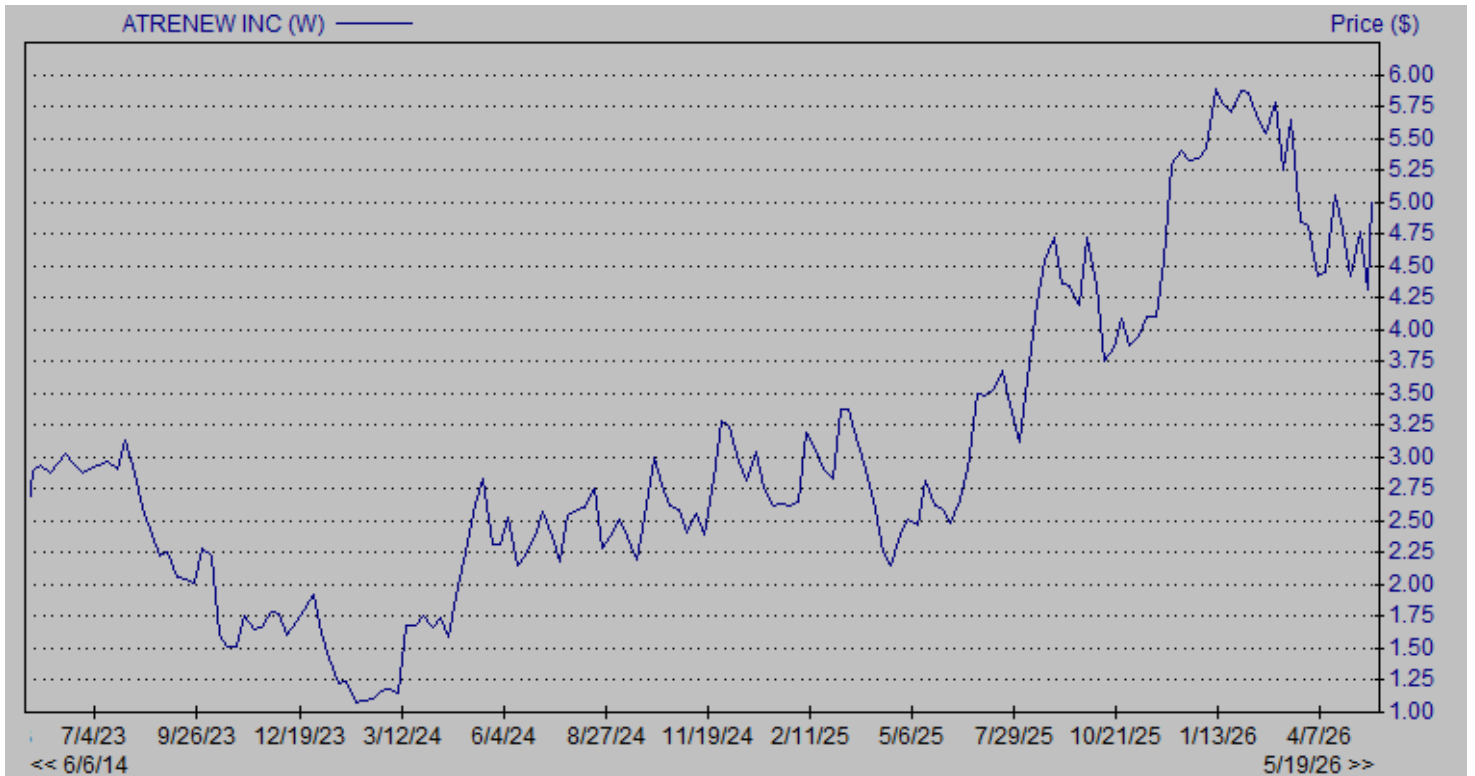
ATRenew Inc.
(RMB in millions)

3/31/26

| | RMB | USD |
|---|----------------|--------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | 1,012.6 | 146.8 |
| Restricted cash | 0.5 | 0.1 |
| Short-term investments | 247.9 | 35.9 |
| Amount due from related parties, net | 482.5 | 69.9 |
| Inventories | 1,486.2 | 215.5 |
| Funds receivable from third party payment service providers | 457.3 | 66.3 |
| Accounts receivable, net | 145.4 | 21.1 |
| Prepayments and other receivables, net | 942.0 | 136.6 |
| Total Current Assets | 4,774.4 | 692.1 |
| Non-Current Assets: | | |
| Long-term investments | 467.3 | 67.7 |
| Property and equipment, net | 236.0 | 34.2 |
| Intangible assets, net | 9.9 | 1.4 |
| Other non-current assets | 497.7 | 72.2 |
| Total Non-Current Assets | 1,210.8 | 175.5 |
| Total Assets | 5,985.2 | 867.7 |
| Liabilities | | |
| Current Liabilities: | | |
| Short-term borrowings | 294.7 | 42.7 |
| Accounts payable | 225.0 | 32.6 |
| Contract liabilities | 271.2 | 39.3 |
| Accrued expenses and other current liabilities | 842.0 | 122.1 |
| Accrued payroll and welfare | 181.2 | 26.3 |
| Amount due to related parties | 160.4 | 23.2 |
| Total Current Liabilities | 1,974.5 | 286.2 |
| Non-Current Liabilities: | | |
| Operating lease liabilities, non-current | 64.8 | 9.4 |
| Deferred tax liabilities | 2.2 | 0.3 |
| Total Non-Current Liabilities | 67.1 | 9.7 |
| Total Liabilities | 2,041.6 | 296.0 |
| Total Shareholders' Equity | 3,943.6 | 571.7 |
| Total Liabilities & Shareholders' Equity | 5,985.2 | 855.9 |

Source: Company press release

HISTORICAL STOCK PRICE



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