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Zacks Small-Cap Research

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ATRenew Inc (NYSE: RERE)

RERE: Demand Remains Strong in the Secondary Market for Smartphones Despite Market Challenges.

ATRenew reported adjusted net income of RMB157.1 million ($23.1 million) for the second quarter of 2026, or $0.10 per ADS, a penny ahead of our forecast. Maintaining our 2026 and 2027 adjusted earnings per ADS estimates at $0.40 and $0.49/ADS to reflect investment in new business lines.

Current Price (08/20/26)	$4.09
Valuation	**$8.00**

OUTLOOK

Higher memory costs remain the primary storyline in the world of consumer electronics. Higher memory costs and supply disruptions have led to price increases from many consumer electronics OEMs. Higher prices for new handsets have negatively impacted demand for new devices but have increased demand in the secondary market, where ATRenew operates. ATRenew continues to explore new business lines and service models to increase brand awareness and increase the percentage of customer spending it can capture. The company has begun dipping its toe into the international market with different models that present excellent long-term opportunities.

SUMMARY DATA

52-Week High	**$6.47**
52-Week Low	**$3.50**
One-Year Return (%)	**-10%**
Beta	**0.31**
Average Daily Volume (sh)	**1,019,570**
Shares Outstanding (mil)*	**242**
Market Capitalization ($bil)	**$990**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**41**
Insider Ownership (%)	**3**
Annual Cash Dividend	**$0.10**
Dividend Yield (%)	**2.4%**
5-Yr. Historical Growth Rates	
Sales (%)	**23.7**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**12.8**
P/E using 2026 Estimate	**10.2**
P/E using 2027 Estimate	**8.3**
Zacks Rank	**N/A**

Risk Level	**Average**
Type of Stock	**Small-Growth**
Industry	**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	973 A	944 E	1,040 E	3,865 E
2027	1,011 E	1,089 E	1,153 E	1,282 E	4,535 E

Adjusted Net Income/American Depositary Shares[1]

	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	$0.10 A	$0.10 E	$0.11 E	$0.40 E
2027	$0.10 E	$0.11 E	$0.13 E	$0.14 E	$0.49 E

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

WHAT'S NEW

ATRenew Reports Exceptionally Strong Second Quarter 2026 Results

Before the market opened on August 20, ATRenew released its second-quarter results for 2026, which continue to show the strong pricing environment that the company is experiencing for its products. Improved branding with consumers, premium product offerings, higher perceived value of its products, and reduced friction in the system for buyers and sellers have helped the company navigate a difficult consumer market in China.

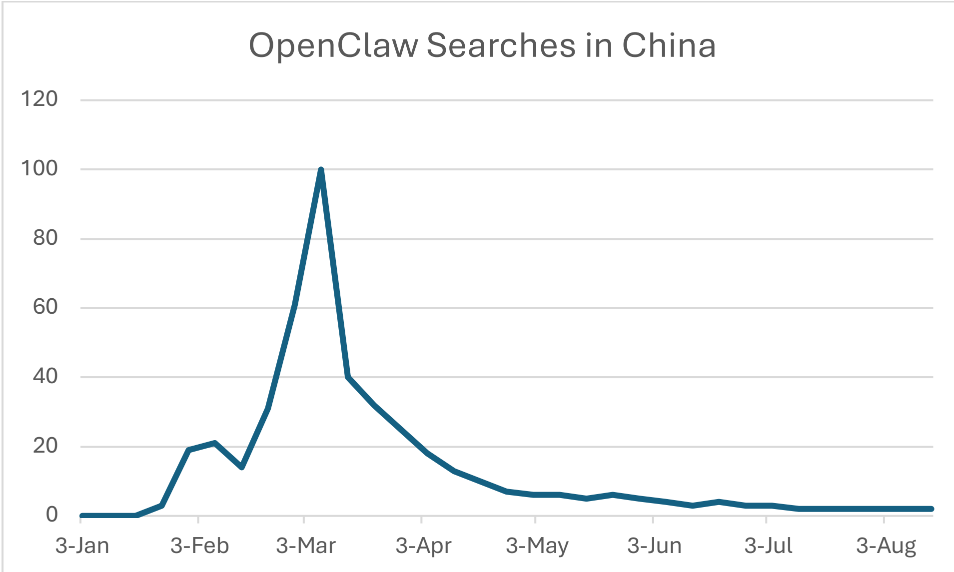
Price hikes for new smartphones and computers, tied to rising memory costs for several leading brands in China, impacted overall demand for new devices in the second quarter, but this rising price environment appears to have led to increased demand for the company's premium pre-owned smartphone inventory, which is viewed as a relative value compared to new models. The company continues to invest in consumer branding and expand customer delivery services to drive growth, even as the broader domestic smartphone market in China has contracted amid higher prices and an uneven economic backdrop for consumers. Apple continues to invest heavily in gaining market share in China, which benefits ATRenew as Apple products tend to have higher residual values.

Total smartphone shipments in China fell approximately another 4% in Q2 to 66 million units according to IDC.[1] This represented the fifth consecutive quarterly decline in smartphone shipments in China, but Apple's decision to hold its prices stable in the quarter appeared to pay dividends for ATRenew. Apple's market share in China grew by about 24% in the quarter to more than 18%, as higher memory and component costs pushed many Android-based competitors to raise prices. Huawei and Apple held prices flat in the quarter and benefited, with each company recording double-digit sales growth. As we've noted previously, the continued strong performance of the iPhone has benefited ATRenew as Apple products have strong resale value, and this upgrade cycle has driven more Apple users to the ATRenew platforms. We'll discuss the current market conditions and the outlook for the balance of 2026 and 2027, later in this report.

Total net product revenues at ATRenew jumped 35.9% from the same period of 2025 to RMB6.2 billion ($913million) and were up 8% sequentially from the first quarter of 2026. The trend of consumers seeking value by choosing high-quality, renewed phones over higher-priced new ones appears to have been a key driver. The company noted strong volume and pricing in several additional product categories including computers and tablets. Despite market observers who noted a slowdown in unit volumes of smartphones shipped during the 618 shopping holiday in China, the company indicated that the total volume of secondhand goods shipped across its platforms increased by more than 40% during this period compared to 2025.

The OpenClaw frenzy in China has faded as quickly as it emerged, with Google searches for the term barely registering as of today. Demand for more affordable MacBooks to run OpenClaw was a short-term driver in Q1, but it appears to have slumped after peaking in March. Notably, this decline in demand did not affect ATRenew's overall results.

Figure 1: Google Trends "OpenClaw" searches



Source: Google Trends and Zacks Small Cap Research

Net product revenues for ATRenew exceeded our forecast by 4.8%, or RMB281 million, largely due to higher realized pricing and higher unit volumes shipped, driven by higher memory costs and higher end-user demand. The company's net service revenues were down 4.2% but remained relatively steady at RMB414.6 million as the company discounted some service fees to merchants during the 618 shopping holiday. The company also noted recently a new move into racket recycling to drive greater foot traffic and appeal to a younger audience. We think initiatives like this and other moves into the gold and luxury goods markets indicate the company's long-term goal of becoming the premier brand for recycled products. We think there are several other key verticals, including sporting goods, musical instruments, and home furnishings, that could be interesting new opportunities for the company in both domestic and international markets.

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 RMB129.1 million for the quarter ($19.0 million). After adjusting for a larger-than-expected non-cash share-based compensation expense of RMB27.3 million in the quarter and small amortization of intangibles (RMB779 thousand), adjusted non-GAAP income was reported at RMB157.1 million, or $23.1 million for the quarter and $0.10/ADS.

However, despite the strong performance in a challenging operating environment, investors appear to be laser-focused on the company's Q3 guidance, with revenue in the range of RMB6.34 billion to RMB6.44 billion, about 3.5% below our previous estimate for the quarter. We would remind investors that the strong incentives offered by many merchants in the second quarter led to a nearly 4% outperformance versus our model, and the strong performance around the 618 shopping holiday likely pulled forward some demand from Q3. If we combine the actual Q2 results with our new forecast for Q3 2026, total revenue is roughly RMB13 billion, which is essentially the same as our Q2 and Q3 model before this earnings release. We believe that the new Q3 guidance also reflects the company's best guess at the impact of the staggered iPhone 18 launch and what that means for the smartphone market in China.

The company is navigating a new smartphone landscape in China where Apple is an increasingly important player and that is likely to create more near-term uncertainty around quarterly results, but we encourage investors to focus on the big-picture opportunity for ATRenew.

Issues facing ATRenew:

- **Pricing**: Pricing remains elevated for new devices, which is a net positive for ATRenew as consumers look for value in the renewed-phone market. (**Positive**)

- **Apple iPhone 18 launch**: The company has always benefited from a strong upgrade cycle in Q4, as consumers trade in older iPhones for the newest model around the time of the Apple launch (historically, early September). This year, however, we expect Apple will launch only the iPhone 18 Pro and Pro Max at price points nearly double those of the current base model iPhone 17, while Apple waits to release its base iPhone 18 until the spring of 2027. We view this as little more than a timing issue: the company will still experience a meaningful upgrade cycle associated with the iPhone 18, but the revenues from that cycle may hit in Q1 or Q2 of 2027 rather than Q4 2026, as would normally be expected. We are not adjusting our model to reflect this yet, but we will revisit this idea after the iPhone 18 launch in September. The company indicated that it has taken into account the impact of potential equipment launch dates in its guidance, but we think estimating this impact on the company's quarterly results will be challenging. (**Neutral/Negative**)

- **National subsidies** – As we discuss below, there is some debate about the effectiveness of general national subsidies for smartphones in China. At this point, it is unclear whether the national subsidies will be renewed in 2027 or become more targeted. While the elimination of national subsidies in a high-price environment would generally be viewed as a negative for the smartphone replacement cycle in 2027, if the government signaled this move was coming, it could lead to a short-term bump in demand in Q4 2026 as consumers rush to make qualifying purchases. The elimination of national subsidies would also make the company's preowned inventory more attractive to value-conscious buyers. (**Neutral**)

The stock reacted negatively to what is perceived as lowered Q3 guidance, but we think this is likely an overreaction, as we are still forecasting the company's total topline growth to be nearly 25% for 2026. The company has slightly higher expectations for revenue growth but we are electing to be conservative until we can see how the market receives the iPhone 18.

KEY TAKEAWAYS

1. **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.

2. **iPhone 18 Launch:** This Apple product upgrade cycle will be slightly different, with a split launch between the Pro models in Q3/Q4 and the base model sometime in 2027. Apple will also be launching its first foldable models at some point in a market where Huawei's foldable models are well established. With the overall consumer market in China forecast to remain fairly weak through 2027, pricing and launch timing will be major factors in this iPhone upgrade cycle.

3. **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 (NASDAQ – REAL). We noted that the company did not emphasize this business to the degree that it has in past conference calls, but we believe that is because the market is very focused on Chinese smartphone demand and the decline in gold prices has impacted demand.

4. **International Growth:** The company highlighted its early efforts in international expansion, and we believe this could be an underappreciated growth driver. So far, the company has focused its efforts on B2B solutions, which account for over 90% of overseas revenue, but as it brings technologies like automated inspection and global recycling standards to new markets, we anticipate it could rapidly replicate the success it has had in China.

   China is also shifting as a market from a position of importing smartphones to becoming a net exporter of smartphones. The company is also exploring ways to bring a consumer-facing brand to new overseas markets. Over the next 3-5 years, we expect ATRenew will work to build a recognizable brand for many products that consumers will use to recycle and reuse many key purchases beyond smartphones.

5. **Margin expansion:** 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 in China continues to evolve rapidly, with several factors influencing demand and brand positioning shifting quickly. Overall, demand for new devices appears to be weakening amid rising smartphone prices for many Android brands, leading to double-digit sales declines in the second quarter for some brands. The sharp drop in demand for these brands, however, was countered by strong demand for Huawei and Apple products. Apple cut the price of its flagship iPhone 17 Pro models by 1,000 yuan on May 15th. Apple has historically shown better pricing discipline than its Android competitors, but we believe this was a strategic decision to invest in this market and gain market share ahead of the important 618 shopping holiday.

The rising price environment for new cell phones continues to be a net positive for ATRenew as customers trade up to more affordable refurbished models that are "new to them". Apple's market share gains in the second quarter were driven by new unit sales, which should add more Apple products to the Chinese smartphone ecosystem and ultimately be a net positive for ATRenew as well.

Apple continues to be very quiet regarding the iPhone 18 launch. The latest speculation is that the company will launch the iPhone 18 Pro and 18 Pro Max in mid-September, with prices as high as RMB10,000 for the 18 Pro and RMB11,000 for the 18 Pro Max. This compares with prices for the iPhone 17e and the base iPhone 17, which were below the subsidy reimbursement threshold of RMB6,000. Speculation is that Apple will then have a second launch of the lower-priced iPhone 18 models in 2027. If this is Apple's approach, it will be the first time that the company has staggered a release and the upgrade cycle, which has followed a fairly predictable pattern, may shift. It is unclear what impact the lack of a new iPhone model priced below the subsidy-qualifying price in China would have on a market that increasingly views Apple products favorably but is also sensitive to higher phone prices.

There is also some uncertainty as to whether the Chinese government will extend the general subsidies for smartphones purchased below RMB6,000 in 2027. There appears to be concern that general national subsidies are less effective than targeted subsidies for promoting advanced technologies such as AI integration. If consumers believe the general subsidies will not be renewed, it could pull forward some iPhone demand, and that could lead to higher transaction volumes at ATRenew if those upgrading are current iPhone owners.

Ultimately, we think investors should focus on the big picture: the iPhone product lineup continues to gain share in China, which is a net positive for ATRenew in the long run. However, this will likely be the first time in the iPhone launch cycle that a new iPhone has been priced so high without a lower-priced alternative. How this plays out in the market will need to be closely monitored in Q3 and Q4 if it changes near-term demand for the iPhone.

RECENT NEWS

In the company's second-quarter earnings release, ATRenew updated its activity under its share repurchase program. During the second quarter, the company acquired roughly 1.0 million ADSs for $4.2 million. To date, the company has repurchased approximately 3.3 million ADSs for approximately $14.8 million, leaving approximately $35.2 million of availability under this program.

VALUATION

Model adjustments: We have adjusted our model to reflect the very strong Q2 results and the company's guidance for Q3 revenues of between RMB6.34 billion and RMB6.44 billion. As a result of this updated guidance, our total revenue forecast for 2026 is now RMB26.2 billion (down slightly from a previous estimate of RMB26.4 billion), representing roughly 25% topline growth for the year. We have updated our 2027 revenue estimate to RMB30.8 billion, but the quarterly breakdown of these estimates could vary significantly depending on the timing of Apple's iPhone 18 base model launch and the future of the national subsidy program. We believe that we are being conservative with our growth assumptions and will adjust our expectations as we gain clarity on demand in the back half of 2026.

Despite these adjustments, at current exchange rates, our full-year adjusted earnings per ADS estimate remains $0.40/ADS, and our 2027 forecast is $0.49/ADS. We believe several unknowns in this forecast could materially impact the timing of revenue over the next 18 months, and that we may make significant adjustments to our quarterly revenue and earnings estimates.

We believe investors are likely to revalue ATRenew once there is greater clarity on the earnings trajectory from quarter to quarter in 2026 and 2027. However, we think patient investors may be rewarded by building positions in the stock on pullbacks when the market overreacts to news. We are leaving our target unchanged at $8.00/ADS. With the stock trading at just about 8 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 platform for pre-owned consumer electronics transactions and services 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, thereby compromising 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, implying 64% year-over-year growth in 2026. Focusing on the top line, we forecast revenue growth to hold steady at around 25% through 2026.

4. Strong Capital Base to Fund Growth + Capital Return: With RMB1.78 billion ($262 million) of liquid assets as of June 30, 2026, 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.idc.com/resource-center/blog/china-smartphone-market-decline-q2-2026/

PROJECTED INCOME STATEMENT (RMB)

ATRenew Inc.
(RMB in millions)

	2023A	2024A	2025A	Q1 2026A	Q2 2026A	Q3 2026E	Q4 2026E	2026E	Q1 2027E	Q2 2027E	Q3 2027E	Q4 2027E	2027E
Revenues													
Net product revnues	11,658.3	14,844.4	19,379.9	5,729.8	6,194.7	5,996.4	6,626.1	24,547.0	6,427.3	6,941.5	7,357.9	8,200.4	28,927.1
Net service revenues	1,307.5	1,484.0	1,668.4	430.3	414.6	416.7	433.4	1,695.0	437.7	450.8	473.4	501.8	1,863.7
Total Net Revenues	**12,965.8**	**16,328.4**	**21,048.2**	**6,160.1**	**6,609.3**	**6,413.1**	**7,059.4**	**26,242.0**	**6,865.0**	**7,392.3**	**7,831.3**	**8,702.2**	**30,790.8**
Expenses													
Merchandise costs	10,338.9	13,086.4	16,700.0	4,816.8	5,219.2	5,097.0	5,632.1	20,765.0	5,476.0	5,910.6	6,265.3	6,986.8	24,638.7
Fulfillment expenses	1,124.0	1,382.3	1,761.7	524.0	542.3	500.2	540.0	2,106.6	535.5	569.2	587.3	644.0	2,336.0
Selling and marketing expenses	1,250.9	1,367.0	1,653.7	493.9	507.9	461.7	501.2	1,964.8	494.3	528.5	548.2	606.5	2,177.6
General and administrative expenses	266.0	306.8	275.0	79.8	95.7	89.8	98.8	364.2	96.1	103.5	109.6	121.8	431.1
Research and development expenses	195.7	210.4	243.9	73.4	77.2	77.0	84.7	312.3	82.4	88.7	94.0	104.4	369.5
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)	(11.3)	(10.6)	(11.4)	(46.4)	(8.5)	(8.4)	(10.6)	(11.4)	(38.9)
Total Expenses	13,139.1	16,299.4	20,592.1	5,974.8	6,431.0	6,215.1	6,845.6	25,466.5	6,675.7	7,192.2	7,593.9	8,452.1	29,913.9
Operating Income/(Loss)	**(173.3)**	**29.0**	**456.2**	**185.3**	**178.3**	**198.0**	**213.9**	**775.5**	**189.2**	**200.1**	**237.4**	**250.1**	**876.9**
Interest expense	(7.1)	(15.0)	(6.1)	(2.1)	(2.2)	(1.2)	(1.2)	(6.7)	(0.6)	(0.6)	(0.6)	(0.6)	(2.4)
Interest income	37.9	26.9	20.518	3.9	2.9	6.8	7.0	20.7	7.1	7.3	7.2	7.4	29.0
Other income/(loss), net	(5.9)	(41.3)	(10.3)	(16.0)	(5.7)	-	-	(21.7)	-	-	-	-	-
Pre-Tax Income/(Loss)	**(148.4)**	**(0.4)**	**460.3**	**171.2**	**173.3**	**203.6**	**219.7**	**767.8**	**195.7**	**206.8**	**244.0**	**256.9**	**903.5**
Income tax benefits/(expense)	42.5	56.9	(56.8)	(19.0)	(24.9)	(27.5)	(29.7)	(101.1)	(27.9)	(29.5)	(34.8)	(36.6)	(128.7)
Share of loss in equity method investments	(50.4)	(64.7)	(67.3)	(17.0)	(19.2)	(13.5)	(9.5)	(59.3)	(7.0)	(5.0)	(4.0)	(2.5)	(18.5)
Net Income/(Loss)	**(156.3)**	**(8.2)**	**336.3**	**135.1**	**129.1**	**162.6**	**180.5**	**607.4**	**160.9**	**172.3**	**205.3**	**217.8**	**756.2**
Foreign currency translation adjustment	8.9	7.4	(4.7)	-	-	-	-	-	-	-	-	-	-
Net comprehensive income/(loss)	**(147.4)**	**(0.9)**	**331.5**	**135.1**	**129.1**	**162.6**	**180.5**	**607.4**	**160.9**	**172.3**	**205.3**	**217.8**	**756.2**
Earnings per share, basic and diluted	**(0.96)**	**(0.05)**	**2.07**	**0.84**	**0.80**	**1.01**	**1.12**	**3.77**	**1.00**	**1.08**	**1.29**	**1.37**	**4.74**
Weighted avg shares outstanding, diluted	162.2	163.7	162.2	161.4	161.6	161.2	160.6	161.2	160.15	159.7	159.45	159.45	159.7
Non-GAAP Reconciliations													
Operating Income/(Loss)	(173.3)	29.0	456.1	185.3	178.3	198.0	213.9	775.5	189.2	200.1	237.4	250.1	876.9
Share-Based Compensation Expenses	(134.4)	(166.7)	(52.9)	(4.4)	(27.3)	(4.8)	(4.8)	(41.2)	(4.8)	(14.4)	(9.6)	(9.6)	(38.5)
Amortization of Intangible Assets	(290.7)	(214.0)	(46.0)	(0.8)	(0.8)	(0.8)	(0.8)	(3.2)	(0.8)	(0.8)	(0.8)	(0.8)	(3.2)
Adjusted Operating Income	**251.8**	**409.7**	**555.0**	**190.5**	**206.3**	**203.6**	**219.5**	**819.9**	**194.9**	**215.3**	**247.9**	**260.5**	**918.6**
Net Income/(Loss)	(156.3)	(8.2)	336.3	135.1	129.1	162.6	180.5	607.4	160.9	172.3	205.3	217.8	756.2
Share-Based Compensation Expenses	(134.4)	(166.7)	(52.9)	(4.4)	(27.3)	(4.8)	(4.8)	(41.2)	(4.8)	(14.4)	(9.6)	(9.6)	(38.5)
Amortization of Intangible Assets	(290.7)	(214.0)	(46.0)	(0.8)	(0.8)	(0.8)	(0.8)	(3.2)	(0.8)	(0.8)	(0.8)	(0.8)	(3.2)
Tax Impact	43.7	58.4	8.5	0.1	0.1	0.1	0.1	0.4	0.1	0.1	0.1	0.1	0.4
Adjusted Net Income	**225.2**	**314.1**	**428.2**	**140.0**	**157.1**	**168.0**	**185.9**	**651.0**	**166.3**	**187.4**	**215.5**	**228.0**	**797.1**
Adjusted Earnings per share, diluted	**1.39**	**1.92**	**2.64**	**0.87**	**0.97**	**1.04**	**1.16**	**4.04**	**1.04**	**1.17**	**1.35**	**1.43**	**4.99**
Weighted avg shares outstanding, diluted	162.2	163.7	162.2	161.4	161.6	161.2	160.6	161.2	160.15	159.7	159.45	159.45	159.7

Source: Company reports and Zacks SCR estimates and calculations

PROJECTED INCOME STATEMENT (USD)

ATRenew Inc. (USD in millions)	2023A	2024A	2025A	Q1 2026A	Q2 2026A	Q3 2026E	Q4 2026E	2026E	Q1 2027E	Q2 2027E	Q3 2027E	Q4 2027E	2027E
Revenues													
Net product revnues	1,642.0	2,060.9	2,733.2	830.6	912.3	883.1	975.9	3,602.0	946.6	1,022.3	1,083.6	1,207.7	4,260.2
Net service revenues	184.2	206.1	234.8	62.4	61.1	61.4	63.8	248.6	64.5	66.4	69.7	73.9	274.5
Total Net Revenues	**1,826.2**	**2,267.0**	**2,968.0**	**893.0**	**973.4**	**944.5**	**1,039.7**	**3,850.6**	**1,011.0**	**1,088.7**	**1,153.4**	**1,281.6**	**4,534.7**
Expenses													
Merchandise costs	1,456.2	1,816.9	2,355.4	698.3	768.7	750.7	829.5	3,047.1	806.5	870.5	922.7	1,029.0	3,628.7
Fulfillment expenses	158.3	191.9	248.1	76.0	79.9	73.7	79.5	309.0	78.9	83.8	86.5	94.8	344.0
Selling and marketing expenses	176.2	189.7	232.9	71.6	74.8	68.0	73.8	288.2	72.8	77.8	80.7	89.3	320.7
General and administrative expenses	37.5	42.6	38.6	11.6	14.1	13.2	14.6	53.5	14.2	15.2	16.1	17.9	63.5
Technology and content expenses	27.6	29.2	34.4	10.6	11.4	11.3	12.5	45.8	12.1	13.1	13.8	15.4	54.4
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)	(1.7)	(1.6)	(1.7)	(6.8)	(1.3)	(1.2)	(1.6)	(1.7)	(5.7)
Total Expenses	1,850.6	2,263.0	2,903.4	866.2	947.1	915.3	1,008.2	3,736.8	983.2	1,059.2	1,118.4	1,244.8	4,405.6
Operating Income/(Loss)	**(24.4)**	**4.0**	**64.6**	**26.9**	**26.3**	**29.2**	**31.5**	**113.8**	**27.9**	**29.5**	**35.0**	**36.8**	**129.1**
Interest expense	(1.0)	(2.1)	(0.9)	(0.3)	(0.3)	(0.2)	(0.2)	(1.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)
Interest income	5.3	3.7	2.8	0.6	0.4	1.0	1.0	2.9	1.0	1.1	1.1	1.1	4.3
Other income/(loss), net	(0.8)	(5.7)	(1.5)	(2.3)	(0.8)	-	-	(3.2)	-	-	-	-	-
Pre-Tax Income/(Loss)	**(20.9)**	**(0.0)**	**65.1**	**24.8**	**25.5**	**30.0**	**32.3**	**112.6**	**28.8**	**30.5**	**35.9**	**37.8**	**133.1**
Income tax benefits/(expense)	6.0	7.8	(8.1)	(2.8)	(3.7)	(4.0)	(4.4)	(14.8)	(4.1)	(4.3)	(5.1)	(5.4)	(19.0)
Share of loss in equity method investments	(7.1)	(9.0)	(9.5)	(2.5)	(2.8)	(2.0)	(1.4)	(8.7)	(1.0)	(0.7)	(0.6)	(0.4)	(2.7)
Net Income/(Loss)	**(22.0)**	**(1.2)**	**47.7**	**19.6**	**19.0**	**23.9**	**26.5**	**89.1**	**23.7**	**25.4**	**30.2**	**32.1**	**111.4**
Foreign currency translation adjustment	1.3	1.0	(0.7)	-	-	-	-	-	-	-	-	-	-
Net comprehensive income/(loss)	**(20.8)**	**(0.2)**	**46.8**	**19.6**	**19.0**	**23.9**	**26.5**	**89.1**	**23.7**	**25.4**	**30.2**	**32.1**	**111.4**
Earnings per share, basic and diluted	**(0.09)**	**(0.00)**	**0.20**	**0.08**	**0.08**	**0.10**	**0.11**	**0.37**	**0.10**	**0.11**	**0.13**	**0.13**	**0.47**
Weighted avg shares outstanding, diluted	243.2	245.5	243.7	242.1	242.4	241.8	240.9	241.8	240.2	239.6	239.2	239.2	239.5
Non-GAAP Reconciliations													
Operating Income/(Loss)	(24.4)	4.0	64.4	26.9	26.3	29.2	31.5	113.8	27.9	29.5	35.0	36.8	129.1
Share-Based Compensation Expenses	(18.9)	(23.1)	(7.5)	(0.6)	(4.0)	(0.7)	(0.7)	(6.1)	(0.7)	(2.1)	(1.4)	(1.3)	(5.5)
Amortization of Intangible Assets	(40.9)	(29.7)	(6.3)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)
Adjusted Operating Income	**35.5**	**56.9**	**78.2**	**27.6**	**30.5**	**30.0**	**32.3**	**120.3**	**28.7**	**31.7**	**36.4**	**38.3**	**135.1**
Net Income/(Loss)	(22.0)	(1.2)	47.7	19.6	19.0	23.9	26.5	89.1	23.7	25.4	30.2	32.1	111.4
Share-Based Compensation Expenses	(18.9)	(23.1)	(7.5)	(0.6)	(4.0)	(0.7)	(0.7)	(6.1)	(0.7)	(2.1)	(1.4)	(1.3)	(5.5)
Amortization of Intangible Assets	(40.9)	(29.7)	(6.3)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)
Tax Impact	6	8.1	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted Net Income	**31.9**	**43.6**	**60.6**	**20.3**	**23.1**	**24.7**	**27.4**	**95.5**	**24.5**	**27.6**	**31.7**	**33.5**	**117.3**
Adjusted Earnings per share, diluted	**0.13**	**0.18**	**0.25**	**0.08**	**0.10**	**0.10**	**0.11**	**0.40**	**0.10**	**0.12**	**0.13**	**0.14**	**0.49**
Weighted avg shares outstanding, diluted	243.2	245.5	243.7	242.1	242.4	241.8	240.9	241.8	240.2	239.6	239.2	239.2	239.5

Source: Company reports and Zacks SCR estimates and calculations

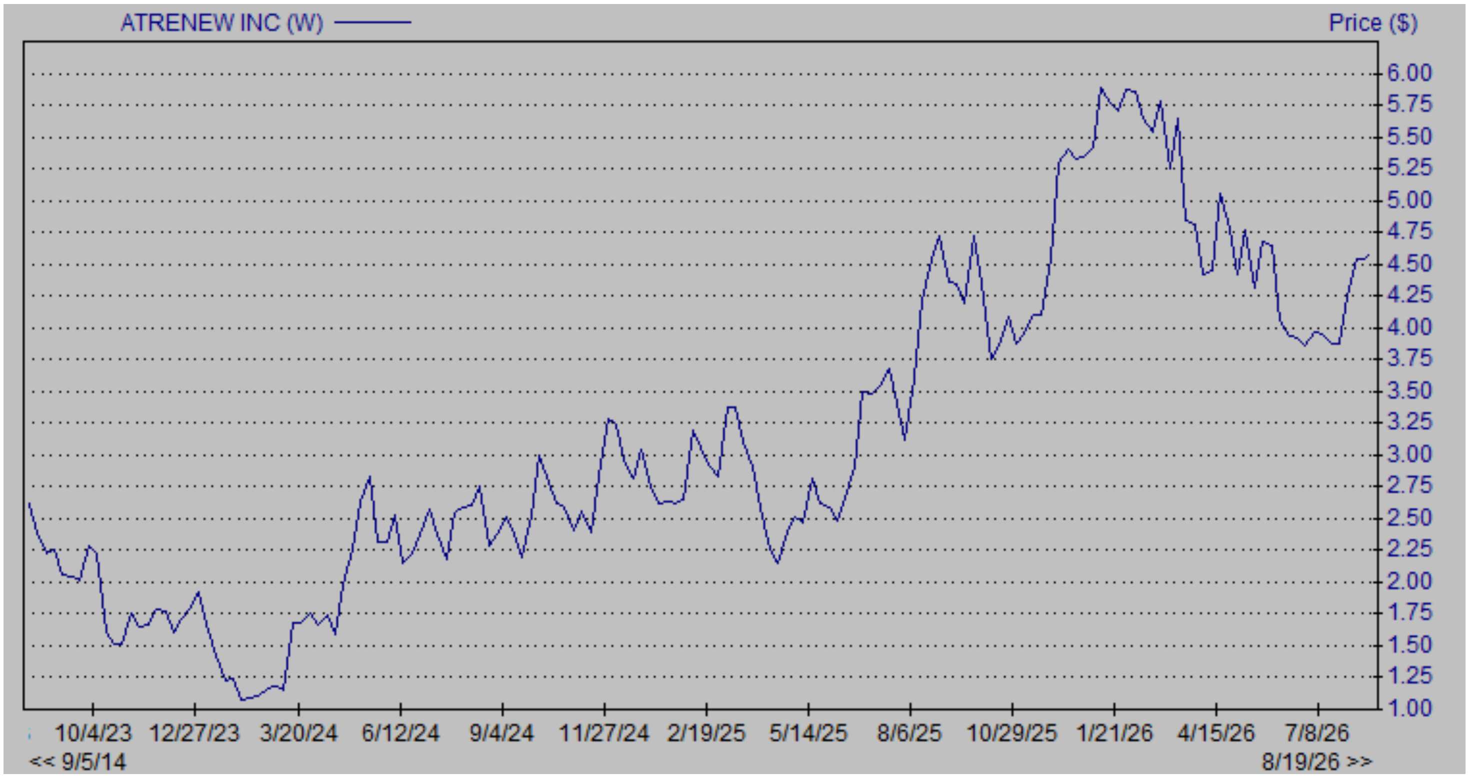
BALANCE SHEET

ATRenew Inc.
(RMB in millions)

	6/30/26	
	RMB	**USD**
Assets		
Current Assets:		
Cash and cash equivalents	1,525.6	224.8
Restricted cash	1.0	0.1
Short-term investments	252.5	37.2
Amount due from related parties, net	375.1	55.3
Inventories	1,467.3	216.3
Funds receivable from third party payment service providers	378.1	55.7
Accounts receivable, net	122.8	18.1
Prepayments and other receivables, net	967.7	142.6
Total Current Assets	**5,090.0**	**750.2**
Non-Current Assets:		
Long-term investments	443.0	65.1
Property and equipment, net	232.1	34.2
Intangible assets, net	9.1	1.3
Other non-current assets	529.8	78.1
Total Non-Current Assets	**1,214.1**	**178.9**
Total Assets	**6,304.1**	**929.1**
Liabilities		
Current Liabilities:		
Short-term borrowings	455.9	67.2
Accounts payable	208.0	30.7
Contract liabilities	358.2	52.8
Accrued expenses and other current liabilities	726.1	107.0
Accrued payroll and welfare	234.2	34.5
Amount due to related parties	174.7	25.7
Total Current Liabilities	**2,157.0**	**317.9**
Non-Current Liabilities:		
Operating lease liabilities, non-current	78.7	11.6
Deferred tax liabilities	2.1	0.3
Total Non-Current Liabilities	**80.8**	**11.9**
Total Liabilities	**2,237.8**	**329.8**
Total Shareholders' Equity	**4,066.3**	**599.3**
Total Liabilities & Shareholders' Equity	**6,304.1**	**929.1**

Source: Company press release

HISTORICAL STOCK PRICE



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