

# 1Q26 earnings report review: revenue and profit both beat expectations, and the 1P to C strategy shows significant results

## Key takeaway

In 1Q26, ATRenew achieved total net revenue of RMB6.16bn (+32.4% YoY), exceeding the upper limit of the previous guidance. Non-GAAP operating profit increased by 70.2% YoY to RMB190mn, OPM improved to 3.1%, GAAP net profit was RMB135.1mn, up 215.7% YoY, and non-GAAP net profit was RMB140.1mn, up 79.6% YoY. The company achieved significant profit margin expansion alongside accelerated revenue growth, and its profitability continued to strengthen. Shareholder returns continue to increase, with about USD2.7mn stock buyback in 1Q, cumulative stock buybacks of USD10.6mn, and a remaining quota of USD39.4mn, and the buyback plan is extended by 12 months to June 2027. Furthermore, the company deepened its strategic synergy with JD.com in trade-in scenarios, and the proportion of trade-in orders in the JD channel has increased to about 70%, laying a solid foundation for medium- and long-term development.

## Quick take

Highlights of its performance: 1) Profitability improved, with non-GAAP operating profit increasing by 70.2% YoY to RMB190mn, and OPM rising to 3.1% (2.4% in the same period last year, and 2.9% in 4Q25); 2) Core business grew rapidly, with 1P product revenue increasing by 34.4% YoY to RMB5.73bn, and the number of transacted devices reaching 10.8 mn units (+13.7% YoY); 3) The proportion of 1P to C significantly increased to 45.1%, up 12.1 pct from the same period last year (33.0%), structurally driving the GPM of 1P business up to 15.9% (15.2% in the same period last year).

**Business structure continues to optimize, with enhanced multi-category recycling and ToC retail capabilities.** The company firmly advances its 1P-centric strategy, locks in direct-sourcing supply through trade-in scenarios, and increases the face-to-face delivery ratio to 80%. Revenue from compliant refurbished products increased by 76.1% YoY,

# ATRenew (RERE.N)

Maintain

Buy

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SAC Reg. No.: S1440520110001

SFC CE Ref.: BRR519

22 May 2026

Current Price: USD5.02

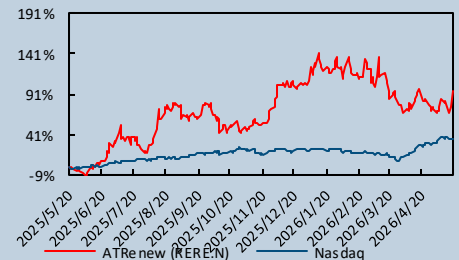
6-month TP: USD7.7

### Key Data

#### Absolute/Relative Performance (%)

1 Month	3 Months	12 Months
-0.79/-6.52	-11.62/-25.32	78.65/43.98
The highest/lowest price in recent 12 months(USD)		6.34/2.45
Total share capital (10,000 shares)		14,653.50
Circulating shares (10,000 shares)		8,826.50
Total market cap(USD'00mn)		11.01
Circulating market cap(USD'00mn)		6.63
3-month average daily trading volume (10,000 shares)		112.56
Major shareholders		
JD entities		34.10%

### Share Performance



### Related Research Reports

13 03 26	[China Securities Overseas Market Research] ATRenew (RERE.N): FY25 earnings review: Continuous stock buybacks + first annual dividend, clear medium- and long-term development path
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of which revenue from the sales-driven repair model grew by about 180%, and monthly sales of the premium selection business exceeded RMB200mn. The overall GMV of the multi-category recycling business increased by 81.5% YoY, of which gold recycling grew by 83.3% and second-hand luxury recycling grew by 58.8%. As of the end of March, multi-category services have been launched in 966 stores, an increase of nearly 300 stores compared to last year. In terms of international business, the GPM space for compliant exports expanded by over 4%, and overseas business revenue grew rapidly.

**Expense-side efficiency continues to improve.** 1Q26 non-GAAP fulfillment expense ratio decreased by 0.6 pct YoY to 8.5%, selling expense ratio decreased by 0.3 pct to 8.0%, and administrative expense ratio remained flat. The company actively applies AI technology to empower processes such as store auditing, recycling pricing, and coding efficiency, laying a foundation for long-term efficiency improvement.

Looking ahead, the company guides total revenue for 2Q26 to be RMB6.24bn to RMB6.34bn, up 25% -27% YoY.

Earnings forecast: We estimate the company's revenue for 2026-2027 to be RMB26.7bn/RMB32.7bn, up 27%/22% YoY, and adjusted net profit to be RMB670mn/RMB880mn, up 47%/40% YoY, maintaining the "Buy" rating.

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## Risks

Regarding policy, the business benefits from state-promoted circular economy and consumer goods trade-in policies. However, unfavorable adjustments to specific details, subsidy amounts, or enforcement scope could occur. These changes may directly impact consumer willingness to trade in and the company's supply sourcing. Regarding industry and business, the pre-owned 3C sector remains highly fragmented with intense competition. Risks of price wars persist. This could squeeze profit margins. The company has established an advantage with its offline store network. However, fixed costs like rent and labor under this heavy-asset model create pressure. Furthermore, the non-standard nature of pre-owned goods and price fluctuations pose continuous challenges. These factors test supply chain management and quality control capabilities. Regarding diversification and global expansion, the company is expanding into gold and luxury recycling and overseas markets via AHS Device. These initiatives face uncertainties regarding supply chain differences in new fields. They also face risks related to foreign market competition and operational compliance. Besides, the industry relies heavily on user trust. Any issues regarding data privacy or the impartiality of inspection standards could trigger reputational risks.

## Analyst

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Chief overseas research analyst, FRM, and a master of finance from the University of Hong Kong. He joined the overseas research team at China Securities in 2020 and worked in the overseas team of Changjiang Securities Research Institute from 2018 to 2020. He ranked fifth in the New Fortune Best Analyst awards for the Hong Kong stock and overseas market in 2025, 2024, 2021, and 2020. His honors include ranking third in the 2022 Sina Golden Kirin Best Analyst awards and first in the 2020 Sina Golden Kirin Rising Star Analyst awards for the Hong Kong stock and overseas market.

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