

## GigaCloud Technology(Q3 2025 Earnings)

November 06, 2025

### Corporate Speakers:

- Larry Wu; GigaCloud Technology; Chief Executive Officer
- Iman Schrock; GigaCloud Technology; President
- Erica Wei; GigaCloud Technology; Chief Financial Officer

### Participants:

- Tom Forte; Maxim Group; Analyst
- Joseph Gonzalez; Roth Capital Partners; Analyst

## PRESENTATION

Operator^ Good day, and welcome to the GigaCloud Technology third quarter 2025 earnings call. All participants will be in a listen-only mode. (Operator Instructions) Please note, this event is being recorded. I would now like to turn the conference over to Mr. Larry Wu, CEO. Please go ahead.

Larry Wu^ Thank you, operator, and welcome everybody to today's call. This quarter's performance is a strong testament to GigaCloud's resilience and adaptability. Despite the challenges brought by global trade uncertainties, a cooling housing market, and the wavering consumer confidence would deliver a robust 10% year-over-year growth, returning to two-digit increase and setting new records of \$333 million in quarterly revenue and \$0.99 in quarterly EPS.

These results reflect our ability to move fast, stay lean, and execute with precision, even in the face of macroeconomic headwinds. We're navigating today's environment with confidence, guided by the disciplined execution to our long-term strategy, staying agile, continuing to diversify for resiliency.

Our noble house optimization is delivering fantastic results. Strategically adding new products and phasing out underperformers has fueled our first year-over-year revenue growth since we completed the acquisition. We are excited for the future value that we expect this portfolio to unlock as we continue our optimization effort.

As we have discussed many times before, we view M&A as a part of our long-term growth strategy. Noble house is a powerful validation of the strategy by combining product, channel, vendor resources from noble house with operational efficiency and the transformative marketplace of GigaCloud.

We have not only been able to turn a bankrupt company losing nearly \$40 million in 2023 to a profitable growing asset in less than two years, but also expanded our product line and the channel outreach. This result is exactly why we view M&A as a cornerstone

of our long-term growth. As we look forward, this successful playbook gives us tremendous confidence in our strategy to continue unlocking new value for the future.

With that said, I'm very excited to share our plan to acquire New Classic Home Furnishing, scheduled to close on January 1, 2026. As a traditional brick and mortar focused wholesaler, New Classic is a perfect strategic fit for GigaCloud to further diversify our business and reach beyond e-commerce.

As many of you know, GigaCloud ecosystem has historically been more concentrated towards e-commerce and brick-and-mortar. This acquisition represents our strategic move to recalibrate our focus, making brick-and-mortar wholesale a more significant and complementary part to our ecosystem, an area we see tremendous opportunities in.

We have already proven the viability of our marketplace. The next step of evolution naturally is to bridge the digital and the physical world. For truly channel agnostic ecosystem that empower buyers and sellers to trade seamlessly with the unparalleled reach and flexibility.

Executing this next phase evolution in the current economic climate is a deliberate choice. While no company is immune to macro pressures, our focused execution, strong balance sheet, and the use of diversification as a hedging strategy allows us to navigate this turbulence more effectively than most, securing competitive advantages today that will fuel our next chapter of growth.

To that end, I will now turn the call over to Iman, who will provide more detailed update on the progress we'll continue to make against our key operational goals.

Iman Schrock^ Thank you, Larry. Hello, everybody. Our marketplace continues to gain momentum, delivering another strong quarter of growth. For the trailing 12 months ending September 30, 2025, marketplace GMV rose approximately 21%, reaching nearly \$1.5 billion, underscoring the scalability and resilience of our platform.

Our active 3P seller base continues to expand, up 17% year-over-year to 1,232, with GMV for this cohort climbing more than 24% on a trailing 12-month basis to over \$790 million. Buyer growth also accelerated, increasing 34% to 11,419 as more businesses looked for new efficiencies and risk optimization in a challenging environment.

Our global revenues increased by 10% in the third quarter on a year-over-year basis. While the domestic U.S. markets faced headwinds, our international markets acted as a powerful hedge, driving growth and offsetting domestic softness. Diversification and having a balanced portfolio is a core tenet of our strategy, ensuring we're not overly reliant on any single market.

Europe continues to be a powerful growth engine, with year-over-year revenues up 70% to a record \$100 million, making a major milestone in our global expansion. Our diversification efforts however is not limited to geographical expansion. We're also

looking to create a more dynamic marketplace supported by a broader range of product offerings and distribution channels.

To accelerate this strategy, we leverage M&A to acquire key capabilities. Our playbook has a two-pronged approach, deepening our core capabilities through acquisitions and leveraging our ecosystem to make the acquired asset more efficient, competitive, and profitable.

Our 2023 acquisition of Noble House is a prime example. It's not just an addition, but a strategic integration that deepens our product catalog and capabilities. We have made substantial progress with our Noble House portfolio optimization.

Since last quarter, we have introduced another 2,300 new SKUs and retired 1,100 underperforming SKUs, shaping a more streamlined, high-performing portfolio built to scale. As shared earlier this year, our SKU rationalization efforts have successfully returned the portfolio to profitability, while temporarily impacting our top line.

I am pleased to report that in Q3, this disciplined approach has paid off, with the portfolio not only maintaining its profitability, but also returning to growth. We have effectively reset our foundation and are now reigniting growth from a much healthier foundation.

Looking ahead, we plan to build on this momentum. Our strong balance sheet positions us to be highly active and disciplined in pursuing inorganic opportunities that align with our long-term strategic goals, and our pending acquisition of New Classic is a great example of the type of value-creating asset we are looking for.

New Classic is a well-respected, long-standing U.S. wholesaler with deep roots in the brick-and-mortar furniture space. The company has over 1,000 primarily brick-and-mortar retailer relationships, over 2,000 active SKUs, a high-performing team, and a wide network of vendors that specialize in products tailored for this specific channel.

The acquisition is strategically targeted to dramatically widen our distribution and channel reach. By pairing New Classic's network with GigaCloud's marketplace ecosystem and logistics capabilities, we can accelerate growth – excuse me, accelerate growth and unlock new efficiencies.

We expect to close the transaction early in the first quarter of 2026 and expect four to six quarters of strategic initiatives to be reflected in our financial performance. Now, I'll turn things over to Erica for a discussion of third quarter financials.

Erica Wei^ Thank you, Iman, and hello everybody. A quick note before we get into our results. All figures I covered today are rounded, and unless otherwise noted, comparisons are against the same period last year. Now let's take a look at this quarter's results.

We delivered a great quarter, including double-digit growth revenue of 10% to \$333 million, a new quarterly high. Now let's break this down by revenue streams. Our service

revenues declined 2% year-over-year, primarily driven by reduced U.S. ocean shipping and dredge revenues.

The uncertainty seen in recent months has resulted in significant declines in the demand for ocean shipping services to the U.S. for many industries. Lower demand has suppressed ocean spot rates, which translates to lowered ocean service revenues for us.

U.S. revenue pressures were partially offset by strong year-over-year growth in similar services delivered to our European market sellers. Service margin came in at 9.1%, down 2.3% sequentially, primarily driven by higher last-mile delivery costs in the U.S., following pricing adjustments implemented by some of our ground transportation fulfillment partners. In response, we are actively recalibrating client pricing to reflect these updated cost structures.

Total product revenue grew 16% year-over-year, driven by our strong performance of 69% growth in Europe. Growth was partially offset by a 5% decline in the U.S., which is reflective of the challenging macroeconomic pressures in the region, but more importantly, it is a direct outcome of our disciplined strategy.

As communicated last quarter, we have implemented targeted price increases to address rising tariff costs. Our strategy is to prioritize margin integrity over pure volume, ensuring the growth we deliver is sustainable and valuable.

Our commitment to margin integrity was put to the test this quarter and proved effective. We faced a significant margin headwind from the sale of products sourced in Q2 under tariffs exceeding 100%, which we successfully navigated with strategic price increases, protecting our baseline profitability. Beyond this mitigation, we delivered a sequential product margin expansion of 70 basis points to 29.9% as we grew our higher product margin channels and benefited from lowered ocean shipping costs.

For GigaCloud as a whole, gross margin was 23.2% for the third quarter, a 70 basis point sequential decline from the second quarter of 2025. Operating expenses declined 1.7% sequentially to 11%, primarily driven by lowered G&A expenses. This is a reflection of lower stock-based compensation this quarter, as most stock-based comp is granted and vested in the second quarter of each year.

Selling and marketing expenses remain flat sequentially at 8% of sales. This brings net income to \$37 million or 11.2% of revenue, an expansion of 50 basis points sequentially. I am also pleased to report a new record for quarterly EPS of \$0.99 per share, driven by our team's focused execution and amplified by our ongoing share repurchase efforts.

For the third quarter, we generated operating cash flows of \$78 million, ending the quarter with total liquidity, which includes cash, cash equivalents, restricted cash, and short-term investments of \$367 million. We remain debt-free and continue to execute on our capital allocation strategy of pursuing strategic acquisitions, such as New Classic, while simultaneously returning capital to shareholders through buybacks.

Since the announcement of our \$111 million share buyback plan in August, we have executed approximately \$16 million in buybacks to-date, or 15% of our latest plan limit.

This brings our cumulative buyback total to \$87 million as of-date, since our IPO in 2022, and we plan on continuing to execute opportunistically, using buybacks as a flexible tool to return value to our shareholders. Finishing with our fourth quarter outlook, revenue is expected to be between \$328 million and \$344 million. Operator, we are now ready to begin the Q&A session.

## QUESTIONS AND ANSWERS

Operator^ We will now begin the question-and-answer session. (Operator Instructions). Your first question today comes from Tom Forte from Maxim Group. Please go ahead.

Tom Forte^ Great, thanks. Congratulations on the quarter. I have one question and one follow-up.

So, you talked about a new M&A acquisition. Can you talk about your thoughts on additional M&A acquisitions? Recently you've talked about looking for opportunities to expand in Europe, and then also looking for opportunities to add technology, perhaps on the software side, things of that nature, so that's my first question.

Larry Wu^ Yeah, we're -- keep looking at different opportunities by focusing on any opportunity that can bring us more product or the fulfillment capability. But right now, I think we're more focusing on concluding the closing of New Classic. But our team is definitely concurrently looking for a new opportunity, but it's unlikely that this can happen in the coming few months, because we'll be focusing on New Classic at this moment.

Tom Forte^ Okay. And then for my second question -- and thank you, Larry, for the answer on that one. The good news for the housing market is that the site has now had multiple rate cuts. I recognize that the housing market is still very challenged. Do you think any of these rate cuts are starting to translate into greater interest in home merchandise, and then have the possibility for some sort of sales catalyst over the next 12 months?

Larry Wu^ Yeah, that's obviously -- this is Larry. We were hopeful about the bouncing back of the housing market, but we're trying to keep ourselves more focused on the execution on a micro level, because we do have the toolbox of more diversified revenue avenues that we can really enjoy the flexibility to avoid any kind of reliance on any of the macro positive, or the factor to happen to really provide the opportunity to grow that we're trying to deliver the growth regardless of what the macroeconomic is doing.

Tom Forte^ Thank you, Larry. Thanks for taking my questions.

Larry Wu^ Thank you.

Operator^ Thank you. (Operator Instructions) Your next question comes from Joseph Gonzalez from Roth Capital Partners. Please go ahead.

Joseph Gonzalez^ Hi, guys. Thank you for taking my question. It's great to see you guys kind of transform Noble House and want to see if you guys can unpack that here a little bit. Is there any chance you can just give us a cadence of how the quarter went, and kind of the drivers for that growth there in 3Q?

Erica Wei^ Hey. Thanks, Joseph. Yeah, Q3, I think overall went really well. The main drivers here are Noble House outperforming in the U.S. and also Europe, it's nothing new, continuing to perform very strongly.

Joseph Gonzalez^ Got it. And as it pertains to your core business, like excluding Noble House, any drivers there you'd like to unpack for us as you come out with about double-digit growth in the fourth quarter through your guidance. Just kind of what you guys are seeing in your early innings of 4Q and the confidence there?

Erica Wei^ I think as of today we're seeing kind of Q4 going well, kind of as expected, and this is reflected in the guidance that we gave just now. And this is, of course, inclusive of the expectation of Europe, which is mostly it is entirely organic, continuing to perform strongly, Noble House, and then of course our original non-acquired parts of the business, all to be combined.

Joseph Gonzalez^ Got it. It's good to hear you guys are able to navigate during a dynamic environment. We'll go ahead and leave it there. Thank you, guys.

Erica Wei^ Thank you.

Operator^ Thank you. There are no further questions at this time. And with that, that does conclude our question-and-answer session. This conference has now concluded. Thank you for attending today's presentation. You may now disconnect.