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Corporate Speakers

- Larry Wu; GigaCloud Technology Inc; Founder, Chairman, Director and Chief Executive Officer
- Iman Schrock; GigaCloud Technology Inc; President
- Erica Wei; GigaCloud Technology Inc; Chief Financial Officer

Participants

- Thomas Forte; Maxim Group LLC; Analyst
- Joseph Gonzalez; ROTH Capital Partners; Analyst
- Bill Dezellem; Tieton Capital Management; Analyst

PRESENTATION

Operator^ Good day. And welcome to GigaCloud Technology's Third Quarter 2026 Earnings Conference Call. (Operator Instructions)

With us today are GigaCloud's Founder and Chief Executive Officer Larry Wu; President Iman Schrock; and Chief Financial Officer Erica Wei.

Larry will give opening remarks. Iman will discuss the company's operational progress. And Erica will review the financial results.

After that, we'll open the call for the question and answer with the audience.

As a reminder, this conference call contains statements about the future events and expectations that are forward-looking in nature, and actual results may differ materially.

Additionally, today's call will include a discussion of non-GAAP measure with the meaning of SEC Regulation G when it requires.

A reconciliation of all non-GAAP financial measures to the most directly comparable financial measure calculate and present in accordance with GAAP can be found in the press release issued today by GigaCloud which is posted on the company's website.

Please note that this event is being recorded.

Now I'll turn the call over to Larry.

Please go ahead, sir.

Larry Wu^ Thank you, Operator. And thank you all for joining us this morning.

Our record third quarter financial results reflect the strength of our strategy and expanding marketplace and the steadfast focus on profitable growth. Despite ongoing industry headwinds, we delivered 27% revenue growth year-over-year, while earnings per share grew even faster at the 42%. These results demonstrate the resilience of our business and our ability to deliver strong performance in a challenging environment.

Our growth reflects the continued execution of our long-term strategy built around the multiple growth of vectors.

We are expanding our offering through ongoing new product developments, extending our geographic reach into markets such as Europe, broadening our sales channel by deepening partner relationships and the strategic M&A and introducing new models to better serve our customers. Each of these initiatives represent deliberate long-term planning and consistent execution. Growth is not built in a single quarter.

It's built over time with patience, sustained investment and the disciplined execution to turn today's opportunities into tomorrow's growth.

As we pursue these opportunities, we remain disciplined in how we grow.

We continue to adapt to changing market conditions while maintaining a clear focus on profitability. Growth remains a priority, but we will not pursue growth for its own sake.

Our goal is to grow profitably and build a sustained business that creates long-term value. The same approach guides us how we expand our capabilities including growth through strategic acquisition as we continue to progress on New Classic integration.

We are beginning to realize the synergies through new customer opportunities, expanded product offerings and the broader marketing channels such as using showrooms to showcase products and strengthen customers' engagement.

Taken together, our financial performance, expanding geographic reach and the disciplined execution demonstrate how we are building on multiple growth opportunities while maintaining financial discipline.

We believe these efforts position us well to navigate the current environment and continue creating long-term value for our shareholders.

With that, I will turn the call over to Iman to discuss our operational progress in more detail.

Iman Schrock^ Thank you, Larry, and hello, everyone.

In an environment where efficiency matters more than ever, our GigaCloud marketplace continues to gain traction as businesses look for more effective ways to buy and sell big and bulky goods. Especially in a difficult market, they continue to turn to our platform.

As of September 30, 2026, trailing 12 months GMV surpassed $1.8 billion, up 24% year-over-year. The core drivers of marketplace growth remained solid.

Active third-party sellers increased by 22% to more than 1,500.

Similarly, active buyers increased by 21% to almost 14,000. The marketplace becomes stronger with scale as expanding seller participation drives buyer engagement and growing buyer activity fuels seller success. Despite continued weakness in the U.S. furniture market, our domestic marketplace delivered 13% GMV growth during this quarter.

That performance reflects ongoing market share gains driven by the differentiated value of both our marketplace and the supplier fulfilled retailing model.

While the Furniture industry continues to face pressure from a soft housing market, elevated logistic costs and ongoing volatility, our team has remained focused on disciplined execution, operating with agility and purpose to adapt quickly and capitalize on opportunities as they emerge. Europe continues to showcase the strength of our expansion strategy.

During the third quarter, marketplace GMV in the region grew 65% year-over-year, reflecting strong demand for our platform and validating our approach to entering and scaling new markets.

Our strategy begins with establishing strong foundation by leveraging our 1P business to establish product availability and attract buyers.

As demand builds, the marketplace becomes increasingly attractive to third parties or 3P sellers with its increasing transaction activity and improving operating efficiency. Think of it as a self-reinforcing cycle. More products attract more buyers, more buyers attract more sellers and greater scale enhances the value of marketplace for all participants.

We're seeing that dynamic play out clearly in Europe today, where 3P GMV grew nearly 330% year-over-year and contributed approximately $30 million to the marketplace ecosystem during this quarter. Moving to New Classic.

We're encouraged by the progress we've made and the opportunities that continue to emerge as we unite the businesses.

One of our key priorities has been refreshing and strengthening the product portfolio, a playbook that many of you may recognize from our successful work with Noble House. When we acquired Noble House, we streamlined underperforming products and replaced them with stronger, more relevant offerings.

While this had created some short-term disruption during early stages, the approach proved successful in the long run, and we're applying the same discipline at New Classic today.

As a part of that effort, we debuted 140 new collections, representing roughly 500 new SKUs at the October High Point Furniture Market while phasing out older and underperforming products.

Initial customer feedback has been incredibly encouraging. Customers responded positively to the new introductions, recognizing our ability to continuously deliver fresh design and an evolving assortment. This positive response provides further validation of our broader strategic direction and strengthening our confidence in the path ahead. Given the timing of these introductions, we expect the majority of sales contributions to materialize in 2027 rather than this year.

We are approaching the integration with a clear focus on both growth and profitability. Every decision we make is guided by its impact on long-term strength of the business. What excites us the most is the combination of complementary strengths across the two organizations.

GigaCloud brings proven product development capabilities, supply chain efficiency and the ability to bring new products to market quickly. New Classic brings strong brick-and-mortar relationships, an experienced sales organization and deep industry expertise. Together, these capabilities create meaningful opportunities to drive growth, improve execution and unlock additional value across the combined business.

We're still in the early stages of this integration, but the progress we have made so far reinforces our confidence in this strategy.

We've successfully used this playbook before and we believe New Classic is well positioned to benefit from the same disciplined approach as we continue building a stronger, more competitive business.

Now I'll turn the call over to Erica for a discussion of our third quarter financial results.

Erica Wei^ Thank you, Iman. And thank you all for joining us today.

As a quick reminder, all figures I'll cover are rounded, and unless otherwise noted, comparisons are against the same period last year.

We delivered a record-setting quarter, achieving all-time highs in both revenue and EPS through consistent execution and our continued focus on profitable growth. Revenue grew by more than 27% year-over-year to $424 million including 23% organic growth and a 4% inorganic contribution from New Classic. EPS grew 42% to $1.41, outpacing revenue growth and reflecting operating leverage and ongoing cost discipline.

Service revenue increased 26% to $136 million, supported by sustained marketplace growth and greater demand for ocean freight, warehousing, last-mile delivery and packaging services. Higher platform commissions contributed as well.

Service gross margin improved 3.6% sequentially to 15.3%, primarily due to favorable ocean freight pricing dynamics.

While elevated fuel and energy costs increased fulfillment expenses during the quarter, long-term contracts and strong relationships with our ocean freight partners limited the increase. Meanwhile, our dynamic pricing approach allowed customer pricing to reflect higher market spot rates.

The resulting spread between comparatively slower rising costs and higher customer pricing contributed to margin expansion during the quarter. Moving to products revenue.

Sales increased 28% year-over-year to $288 million, driven by growth across all operating regions.

In the U.S., product revenue grew 16% to $141 million, outperforming a furniture market that remains under pressure.

Of this growth, 5% came from organic growth, with the remaining 11% contributed by New Classic.

Growth was supported by stronger relationships with existing customers and increased transaction volumes.

Our diversified customer base and product offerings continue to provide resilience amid challenging market conditions. The New Classic portfolio generated $14 million of revenue during the quarter, about 30% lower than the prior year period prior to the acquisition. This is consistent with our integration strategy and reflects deliberate actions we are taking to strengthen the business for the future.

As Iman shared earlier, we have begun the process of optimizing the portfolio by exiting lower-performing products and introducing new offerings with stronger sales and margin potential, similar to how we had done with the Noble House portfolio in the past.

This process requires discipline and does not happen overnight, but it lays the foundation for a healthier, more competitive business over the long run.

Our focus remains on building a business that generates profitable, durable growth rather than pursuing revenue for its own sake.

We have utilized this playbook successfully in the past with Noble House which reinforces our confidence that New Classic can become a meaningful contributor to both growth and profitability in the years ahead. Europe continued to deliver exceptional results, with product revenue increasing 46% year-over-year to $129 million, driven by ongoing marketplace expansion, growing participation across our ecosystem and deeper engagement with our channel partners. Europe accounted for 45% of global product revenue during the quarter, underscoring both its growing role with our business and the significant opportunity we continue to see in the region.

Looking ahead, we expect Europe to remain a key growth driver.

While year-over-year growth rates will naturally moderate as the business scales and the comparison base becomes larger, we remain confident in the underlying momentum and long-term growth opportunities in Europe.

We generated product gross margin of 29.4%, a sequential decrease of about 2%, primarily due to higher ocean and last mile logistics costs, competition for our 1P products from the rapid growth of 3P in Europe and normal seasonal discounting following the summer selling season for outdoor products. To support product margins over time we are executing on several initiatives.

We are expanding our portfolio with higher-margin products, leveraging New Classic's brick-and-mortar customer network to access less competitive sales channels and broadening our reach beyond the largest e-commerce platforms to include channels with more attractive competitive dynamics.

In addition, the New Classic acquisition is supporting our overall expansion strategy by introducing retailers to the GigaCloud marketplace.

Since the acquisition, about two dozen retailer customers have begun sourcing inventory through the marketplace with another 60-plus customers in the pipeline.

On a combined basis, total company gross margin was 24.9% compared to 25.6% in the previous quarter.

Selling and marketing expense came in at $35 million or 8% of revenue, in line with the same period last year. General and administrative expense totaled $9 million or 2% of revenue compared with 3% in the prior year quarter.

We again produced record quarterly net income, delivering $51 million or 12% of revenue to the bottom line. This represents growth of 36% year-over-year. GAAP EPS was further amplified by our share buybacks, increasing by 42% to $1.41 per share.

We generated $56 million of operating cash flow in the third quarter while maintaining a debt-free balance sheet.

We ended the quarter with $418 million of total liquidity including cash, cash equivalents, restricted cash and short-term investments, providing significant financial flexibility to support our strategic priorities and long-term growth initiatives.

Consistent with our previous capital allocation strategy, we continue to return capital to shareholders through buybacks.

During the quarter, we repurchased approximately 492,000 shares at an average price of $36 for a total of $17.7 million.

Subsequent to the third quarter, we repurchased an additional 88,000 shares at an average price of $56.9 per share, totaling approximately $5 million.

As of today, $115 million remains under our most recently authorized $120 million repurchase plan that is active through August of 2029.

We are committed to returning capital to our shareholders while maximizing value and will remain flexible with respect to our buyback approach, buying at a slower and more steady rate when our stock price is stable and opportunistically executing against the plan during times of volatility.

If any authorized balances under our $120 million buyback plan remain unused at the end of the program, such balances will be considered for a onetime special dividend to our shareholders.

Also consistent with our capital allocation plans, M&A will remain an integral part of our long-term growth strategy.

Our current focus is on the successful integration of New Classic and we will become more active in the M&A market once we are closer to integration completion.

Looking forward to the fourth quarter, we expect revenue to be in the range of $425 million to $450 million. Thank you, everyone.

Operator, we are now ready to begin the Q&A session.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) First question comes from the line of Thomas Forte with Maxim Group.

Thomas Forte^ Yes.

Can you hear me?

Operator^ Yes. We can hear you.

Thomas Forte^ Okay. Excellent.

So Larry, I would appreciate your thoughts on agentic commerce, what it could mean for GigaCloud and if you think it's going to drive incremental volume for marketplaces like Amazon and Wayfair or if it's going to result in greater distribution of sales for companies participating in the category.

Larry Wu^ Can you say that again, Tom?

Thomas Forte^ Sure.

So on agentic commerce, Larry, I would appreciate your thoughts on the opportunity for GigaCloud and if you think it's going to result in a disproportionate amount of sales on marketplaces like Amazon and Wayfair or it's going to be some sort of equalizer and drive sales across a larger number of participants?

Larry Wu^ Yes.

We have a pretty strong supply chain to support participants from the Amazon, Wayfair's traditional B2C marketplace participants, but we are expanding to more brick-and-mortar focused retailers right now.

I think it's a more attractive opportunity because it's less attractive -- less competitive and also the complication of connecting those participants is allowing us to create more value to our customer by building the infrastructure of digitalized supply chain infrastructure of logistics capability we're building.

So we remain very confident and optimistic that those initiatives will allow us to help our sellers to generate more reach and will generate better value for both our customer and the company of -- ourself as well.

Thomas Forte^ My follow-up question is, when you look at the industry, and it's been multiple consecutive years of contraction partly due to higher interest rates and just fewer housing turns, but how do you think about the replacement cycle for bulky furniture and bulky items in general? Is there an opportunity over the next couple of years that we'll see a replacement cycle rebound in sales versus waiting for lower interest rates and housing turns to improve?

Larry Wu^ Yes.

We do very little trying to predict what is going to happen.

We spend most of our time and energy try to spend on how we adapt to the changing environment.

I think the part of the effort is, for example, to expand to markets like Europe that is providing a little bit more promising opportunity, but we are adjusting ourselves to deal with a little bit challenging environment.

For example, we become more aggressive in pursuing M&A opportunities, try to overcome what kind of -- this kind of the softness in the market.

So we are seeing pretty good results from this diversified toolbox that we are using to deal with the challenges including the high ocean shipping tariff challenges, softness of the environment in the past quite several years that this is pretty much new normal for our business.

Thomas Forte^ And then for my next question, have you been able to secure any refunds on tariffs?

Larry Wu^ Yes.

We have receiving refunds from the government. And also, we are communicating with our customers very transparently because, for example, for the wholesale customers, some of them, the funds we're receiving, actually, we are paying them back to our customers if they actually work with us on the terms that they actually get the price based on the adjustment of the tariff.

So we're not really seeing those net impacts as significant to the company right now.

Thomas Forte^ Great. And my last question is, how are you managing the inflation in diesel? And do you have the ability to implement surcharges as a way to mitigate the impact?

Larry Wu^ Yes. We are actually more resilient to those changes because, again, we focus on big and bulky nonstandard item which category actually number one, the customer has less purchase frequency, although in general, it could be a challenging factor.

But once it comes to the price adjustment, it gives us more room to make the adjustment if needed because customer has less experience in shopping those items.

So they don't have a very clear price reference system usually for regular customers. And also another way we deal with that is usually we try to replace our product portfolio more quickly when inflation happens which allow us to readjust our margin usually for those new products. These are the reasons we are a little bit more resilient than people thought.

Operator^ Next question comes from the line of Matt Koranda with ROTH Capital Partners.

Joseph Gonzalez^ It's Joseph on for Matt.

I guess just looking at 3Q, your beat came in ahead of the top of the guide, I guess, can you split for us in buckets across, say, ocean pricing, off-platform, international and where those beats came from versus the range you guys provided three months ago? And then if you can, to any extent, comment on the monthly progression of sales during the quarter?

Erica Wei^ Joseph, it's Erica. Thank you for your question.

So there were a few areas that we outperformed our initial expectations.

One is Europe.

So we naturally had expected a little more, I guess, slowing down in the growth pace because how big the base has already gotten and Europe again surprised us.

The second big one that we couldn't have necessarily anticipated was the continued high on logistics market spot rates.

So that's the part we had talked about during our earlier discussion where if you look at our service margins, you see a pretty strong move from Q2 to Q3. There was a 3.6% sequential expansion. A big driver of that was seeing consistently high spot rates throughout the market which when we use a dynamic pricing approach, we always price according to whatever the prevailing spot rate is. Hence, our unit prices for those services did see a strong boost.

Joseph Gonzalez^ Got it.

Okay. And for my follow-up, just as we look to your 4Q guide, I guess, kind of based on the commentary, it seems like the split -- how should we think about the split between product and services going for 4Q? Just anything to call out from like a seasonality perspective between both businesses? So roughly growing at the same pace in the third quarter.

I guess, is that the expectation as we look forward?

Erica Wei^ Yes. That is about right.

So we don't expect any majorly structural differences for the revenue in terms of where we will be in Q4 and where we are right now in Q3. Those things don't tend to turn very sharply at all.

Joseph Gonzalez^ Okay. Got it. And then I guess just turning on margin there. Just if you can, just how much of the service gross margin expansion was attributable to ocean freight, if all, versus other drivers that you can mention? Just anything to call out there just as we think about service margin going forward?

Erica Wei^ Not all of it was from ocean.

Ocean certainly gave us a bump because of what the recent market prices have been, but we did also see better performance on things like ground as well.

Joseph Gonzalez^ Got it. And then I guess just if you can remind us on the International business, is there any meaningful difference as it pertains to margin there versus the U.S. business? And then as it scales, will it kind of roughly fall in line with the U.S. business?

Just early thoughts there.

Erica Wei^ Yes.

So Europe sees slightly better margins compared to the United States.

It is partially because it is a newer market, I think, not just for us, but for other -- many other participants as well and the market at the moment does not seem to be as crowded and competitive as the U.S.

However, over the long run of things, I think as more folks turn to that area, especially with the interest getting a little higher after all the volatility we've had in the States, I do think over the long run, those two will eventually meet at some point.

We don't necessarily know an exact timing on that, but especially with folks like us who offer the infrastructure and services for other sellers or manufacturers to access that market more easily which is very helpful for the 3P side of what we operate, I think we are also supporting that movement.

Joseph Gonzalez^ Okay.

I guess just for my final question, if I could squeeze one more in. You mentioned M&A potential to occur after integration of New Classic. Just any preliminary thoughts as we -- as you guys think about the pipeline for M&A and anything that's kind of lingering in terms of buckets that you're bucketing some potential opportunities in?

Erica Wei^ So great question. Thank you. The strategy and the buckets of different targets we would be interested in hasn't changed.

It's the same as what we were looking for in the past. There's a few different buckets here.

Bucket one would be someone who is a traditional wholesaler/distributor that strengthens our ecosystem and helps us achieve our strategic goals in the long run a little faster. New Classic would be a really good one of these examples. Noble House also falls into this bucket. These two particular examples brought different strengths to our ecosystem.

For example, Noble House brought us outdoor products.

That is now a very important part of our overall portfolio and strategy which is an expertise we didn't necessarily have as much of prior to the acquisition. And New Classic brings us access and the expertise and know-how and relationships with the brick-and-mortar retailer network.

So down the line, we would also be interested in looking for targets in this type of positioning would not necessarily have the same two aforementioned attributes, if that makes sense. There are also other types of targets that we would be looking for.

Someone who is a logistics player in Europe might be of interest, especially considering how fast we are growing in that region.

The infrastructure does need to keep up in order for us to service all of the coming -- the incoming opportunities that we are seeing. And it would certainly not hurt if we could see some support from the M&A side of things and accelerate the process a little bit. And then there is bucket three which is a technology player that helps us service our customers better. An example of this from the past would be Wonder. Right?

It's not a distributor or a logistics provider.

It is a technology provider that helps us better service our brick-and-mortar customers, provide them with solutions that better enhance their business and makes our ecosystem overall a little stickier.

Operator^ Next question comes from the line of Bill Dezellem with Tieton Capital Management.

Bill Dezellem^ Following up on that last question, relative to the acquisition pipeline, would you provide your insights just in terms of perspective on how full that pipeline is and just the general level of robustness, please?

Erica Wei^ Bill, thank you for the question.

So we haven't been too active in the market as of late because we do want to focus on what we have on hand right now which is the integration of New Classic.

We certainly don't want to put ourselves in a position where there's too much going on all at the same time and we can't properly focus on the right thing.

If we're going to do something, we want to do it right and execute the right way with the right focus.

So with that said, I do think the market is quite favorable in terms of buying opportunity because of the, I guess, not the most ideal environment we are seeing with furniture overall.

Because of the challenge caused by low housing turns, a lot of wholesalers and distributors in the industry are currently facing a little more pressure than they normally are. And there's not necessarily as much buying activity or buying interest, if that makes sense.

Bill Dezellem^ Yes. That does. And then next question is relative to the commentary earlier in the call about new models that you're introducing to better serve customers. Would you all please expand further on that commentary?

Erica Wei^ Yes, absolutely.

So what we offer to our customers is not simply product.

It is also services that are ways that allow our customers to engage -- to run their businesses a little more efficiently and perhaps in a manner that is different to what they are used to.

For example, we have traditional brick-and-mortar retailing and e-com retailing that in the past may have been, I guess, running in more isolated lanes with each other.

However if you think about what we could do with the brick-and-mortar customer, we are now able to bring them solutions, technology that offer the same efficiency an online supply chain has with the SFR model, right?

A brick-and-mortar retailer, if they are working with us, doesn't necessarily need to buy containers of inventory upfront, store it in their warehouse, take on the inventory risk. They are able to access the large pool of SKUs and products we offer, not hold on to that inventory and pay working capital, allow the supplier to hold that inventory. And start marketing to the end consumer that way which fundamentally changes what their capital structure and what their net working capital spend looks like.

At the same time for those brick-and-mortar retailers who are interested in venturing into the e-com world which has really become a huge part of the furniture industry overall, we are also a partner that can provide them with the right solutions to help get that website off the ground and running.

Bill Dezellem^ One additional question, please. You referenced a couple of times how the furniture category is challenged.

At what point do you hit the throttle harder on new categories beyond furniture? And when that time comes, what category or categories would you suspect that would be?

Erica Wei^ I don't have an exact timing in terms of when. Right now we are still primarily focused on furniture because there is still so much room left.

So if you look at our overall ecosystem, we just crossed over $1.8 billion which feels like a lot, but if you -- that's the global GMV size.

If we look at the United States alone for furniture wholesale, that's probably upwards of $60 billion.

So we are -- we have quite a long runway, and we want to focus on that and do that right before we necessarily start growing sideways.

However, once -- when the right time comes for us to expand horizontally, the right category for us would be something that hits the following keywords.

First one would be big and bulky naturally. And the second one would be long tail or non-standardized.

So a point of reference for this would be our current second biggest category.

It's much smaller than furniture, but it serves as a good example would be fitness equipment, right?

That is also a type of product where it's large, it's heavy, difficult to move around. And at the same time there is so much variability as you think about things like price points, designs, different treadmills, step-masters, that kind of thing.

Operator^ Ladies and gentlemen, that was the last question for today.

With that, the conference has now concluded. Thank you for attending today's presentation.

You may now disconnect.