

GigaCloud Technology (Q4 2025 Earnings)
February 26, 2026

Corporate Speakers:

- Lei Wu; GigaCloud Technology; Founder and Chief Executive Officer
- Iman Schrock; GigaCloud Technology; President
- Erica Wei; GigaCloud Technology; Chief Financial Officer

Participants:

- Ryan Meyers; Lake Street Capital Markets; Analyst
- Joseph Gonzalez; ROTH Capital Partners; Analyst

PRESENTATION

Operator^ Welcome to GigaCloud Technology Fourth Quarter and Full Year 2025 Earnings Conference Call.

Joining us today from GigaCloud are the company's Founder and Chief Executive Officer, Larry Wu, its President, Iman Schrock, and its Chief Financial Officer, Erica Wei.

Larry will provide opening remarks, Iman will discuss the company's operational progress and Erica will review financial results. After that, we will open the call to questions.

As a reminder, this conference call contains statements about 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 measures within the meaning of SEC Regulation G.

When required, a reconciliation of all non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP can be found in the press release issued today by GigaCloud, which is posted on the company's website.

I would now like to turn the call over to Larry.

Please go ahead, sir.

Lei Wu^ Thank you, Operator. And good morning, everyone. 2025 marked a defining chapter for us, record revenue, record EPS and a level of performance that underscore not only the strength of our model, but also our resilience and adaptability when facing challenges.

In the year, when the macro backdrop was anything but predictable, our agility and operational discipline powered the strong double-digit growth and position us to accelerate even further.

From the beginning, we understood the importance of building a new growth vectors for sustainable long-term value creation.

That strategy continues to pay off.

We have expanded our geographic reach, scaled our marketplace and strengthened our market platform through targeted acquisition.

In doing so, we have built not just a thriving company, but an ecosystem designed to lead the next phase of growth.

Our acquisition of Noble House is a great example of how we are building our growth vectors into business and how those factors are already driving momentum.

In under two years, we took bankrupt company to a profitable and growing portfolio.

Our work took discipline and patience.

We broadened our product line, expanded our channel reach and enhanced our operational efficiency.

But more importantly, we've built a repeatable playbook for M&A integration that sets us up for long-term success.

And now what we're applying the same playbook to our new acquisition, New Classic home furnishing. This move positions us to serve every corner of our industry with even greater depth and capability.

Iman and Erica will get into the details shortly, but the headline is simple.

We are [genuinely] excited about the value New Classic unlocks for our marketplace, our partners and our shareholders.

Our success in Europe is another clear validation of this approach and reflects the value of long-term strategic depositing with [68%] of revenue growth from 2024 to 2025.

We expanded our presence in the measured strategic way, extending the reach of our marketplace and giving our buyers and sellers around the world a more efficient way to transact.

Our performance has also given us a financial flexibility to be disciplined with our capital, investing in growth where we see the highest conviction of opportunities while

continuing to return capital through ongoing share repurchases is a core part of how we create the durable value.

We feel confident in what we have built and we have -- we are headed.

We believe this is a business that can perform across cycles, supported by strong execution, a portfolio of durable growth vectors, disciplined capital management.

Now I would like to turn the call over to Iman for a discussion of our continued progress.

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

Our marketplace continues to deliver impressive momentum, posting another period of substantial growth.

Over the trailing 12 months ended December 31, 2025, marketplace GMV increased approximately 18%, reaching a record of nearly \$1.6 billion.

Sellers continue to join our marketplace at a strong pace with our 3P seller base expanding 17% year-over-year on a trailing 12-month basis, reaching 1,299 as of December 31. More encouragingly, GMV from this space grew by 23% to \$851 million as our sellers continue to find success on the marketplace.

We added nearly 2,800 new buyers in 2025 on a net basis, bringing our total buyer base to 12,089.

By increasing efficiencies and lowering transaction risk, our marketplace is even more compelling solution for participants looking to operate confidently in a volatile global environment.

While global macro trends and policy shifts remain outside of our control, we can and do control the flexibility and responsiveness of our model.

We operate with the expectation that conditions will change, and we are structured to adapt quickly. Europe is a clear example.

Our focus on Europe as a key growth vector continues to deliver.

By shifting more resources and focus to Europe in light of softness in the U.S. market, we drove tangible results. Europe delivered 66% revenue growth on an annual basis, a key contributor to our double-digit global growth for the full year. This is exactly the kind of agility we've built into our model.

The ability to identify where growth is happening and redeploy resources accordingly. To build on this momentum, we strengthened our marketplace operations and expanded our infrastructure to seven facilities in Europe.

We are building a truly global business. Europe proves that our model travels and that the growth vectors we planted years ago are now delivering.

For us, that's the value of long-term strategic positioning, placing disciplined bets, giving them time and letting the results speak.

And this isn't just about geography.

We are applying the same lens across the business, broadening our product offerings and strengthening our distribution channels.

With that in mind, I'd like to share an update on Noble House and provide additional context on our more recent acquisition of New Classic.

It has been two years since our acquisition of Noble House in Q4 of 2023, and I would like to take a moment to look back on how far we've come.

We acquired Noble House out of bankruptcy, a business that was losing close to \$40 million a year.

We began leaning on GigaCloud's superior marketplace model and operational expertise to trim fast and streamline the business. From there, we executed a complete overhaul of the Noble House's portfolio offering, rationalizing SKUs to focus on what works. The process took patience and discipline, and the results speak for themselves. The Noble House portfolio turned to profitability during the earlier half of 2025 and returned to growth in the third quarter of this year.

I am pleased to share that we have stabilized the portfolio as of Q4 2025, slightly ahead of our original goal of Q2 2026.

Moving forward, we expect to continue refreshing the portfolio through a disciplined cadence of regular new SKU introduction and selective rationalizations, consistent with how a healthy portfolio evolves rather than a comprehensive overhaul we executed in 2025.

As of today all elements of operations for Noble House portfolio have been fully integrated into GigaCloud.

On a go-forward basis, legacy Noble House will be managed as a part of GigaCloud's larger growing portfolio. Given the completion of our integration efforts, we do not plan on providing portfolio-specific updates in future calls. The acquisition and integration of Noble House brought us new product capabilities, especially in the outdoor space as well as wider and deeper distribution channels.

It also reinforced what is possible when we apply patients, discipline and the full weight of our operational expertise and the marketplace model even in challenging conditions.

While our acquisition of -- with our acquisition of New Classic, we see a similar opportunity.

On January one of this year, we completed the acquisition of New Classic funded with \$18 million cash on hand. The acquisition broadens our product offerings and strategically deepens our foothold in brick-and-mortar distribution, an area where we see meaningful growth potential.

We are eager to get to work, apply the same disciplined approach and capture the value we know is there.

On the integration front, we are off to a strong start. The new Classic team brings deep expertise and relationships in the brick-and-mortar space, and we have been working closely to ensure a smooth transition.

Similar to Noble House, New Classic will be integrated directly into GigaCloud rather than being run as a distinct subsidiary.

Our focus is on preserving New Classic's strong distribution channels and relationships while thoughtfully layering in GigaCloud's marketplace model and operational capabilities with a target integration period of six quarters.

We are excited about the growth potential that will come from combining New Classic and GigaCloud.

On the revenue side, we see two clear and immediate opportunities.

First, we will leverage GigaCloud's vast nationwide fulfillment network to expand New Classic's geographic reach, moving beyond the constraints of its current two facility footprint.

Second, we plan to leverage GigaCloud's deep supply chain routes and new product development capabilities to widen New Classic's assortment, driving increased volume through its brick-and-mortar channels.

We are energized by what lies ahead.

Our team is focused on executing with patients and precision, and we believe we are well positioned for the future.

And with that, I will turn things over to Erica for a discussion of our fourth quarter financial results.

Erica Wei^ Thank you, Iman, and hello, everybody. A quick note before we get into our results. All figures I cover today are rounded and unless otherwise noted, comparisons are against the same period last year.

Now let's take a look at our results.

We delivered strong fourth quarter and full year results, breaking several records.

Fourth quarter revenue was \$363 million, up 23% against prior year quarter and full year revenue rose 11% to \$1.3 billion. Quarterly diluted EPS grew 37% on a quarterly basis to \$1.04 per share, and full year diluted EPS increased 18% and to \$3.59 per share.

Now let's dig in a bit deeper, starting with service revenue.

Service revenue increased 21% year-over-year to \$129 million for the fourth quarter. Growth was driven by strong demand from our marketplace participants including higher last mile activity along with higher packaging service revenue and commissions, reflecting larger transaction volumes and increased use of our fulfillment services.

These gains were partially offset by a decline in ocean service revenue, resulting from ocean spot rates being meaningfully lower in Q4 2025 than they were in Q4 2024 due to softer overall demand for ocean shipping after Liberation Day across the broader economy. Q4 service margin declined by 3percentage points sequentially to 6%, primarily due to cost increases related to peak season ground fulfillment surcharges as expected during the holiday season and similar to prior years.

Service margin also saw modest sequential pressure from the lower ocean spot rates. Turning to product revenue. Product revenue increased by 24% year-over-year in the fourth quarter to \$234 million, driven by growth across all operational regions.

Breaking that down further, U.S. product revenue totaled \$121 million, up 3% year-over-year against a challenging backdrop.

We continue to remain disciplined in the current volatile environment, prioritizing profitable revenue over empty volume that does not translate into earnings. Consistent with this approach, we had intentionally paced top line revenue for the Noble House portfolio earlier this year as we rationalize SKUs to protect bottom line integrity.

I am pleased to share that our efforts are paying off.

The Noble House portfolio saw over 40% year-over-year growth on a quarterly basis in Q4, driven by new products and SKUs introduced this year.

We are encouraged by the results of our turnaround efforts and are optimistic about the portfolio's future.

As Iman mentioned earlier, given the portfolio's full integration, this will be our last stand-alone update on the Noble House portfolio. Europe product revenue continued to be a strong contributor. Product revenue for the region increased by 64% year-over-year to \$98 million total.

Product margins increased 220 basis points sequential to 32.1%. The expansion was driven by several factors including targeted pricing actions aimed at capitalizing on strong fourth quarter demand, growth in off-platform sales which typically carry higher gross margins to offset higher selling expenses as well as benefits from lowered ocean shipping costs.

While declining ocean spot rates can negatively impact service margins, they also translate to cost reduction on the product front, supporting product margin expansion. Combining the above, total gross margins for the quarter was 22.9%.

Diving into our expense categories. Sales and marketing costs for the fourth quarter totaled \$29 million and represented 8% of total revenue compared with 6% for last year's fourth quarter. The increase was due to higher channel-related advertising spend and staffing costs associated with our European expansion. G&A was \$11 million or 3% of total revenue, down from 6% last year due to increased warehouse utilization rates and lower stock-based compensation and administrative compensation compared with the prior year quarter. Combined, net income margin for the fourth quarter was 10.6% and net income was \$38.5 million, a 24% increase from prior year quarter.

Our net income growth was further amplified by share buybacks, translating to a 37% year-over-year increase in diluted quarterly EPS to \$1.04.

We generated \$64 million in operating cash flows during Q4, ending the quarter and year with total liquidity which includes cash, cash equivalents, restricted cash and short-term investments of \$417 million.

We remain debt free.

Our capital allocation plans remain consistent as previously communicated.

Strategic M&A on an opportunistic basis and returning capital to shareholders through ongoing buybacks.

On the buyback front, since the announcement of our latest \$111 million share repurchase program in August of 2025, we have executed \$33 million in share buybacks at a weighted average price of \$31.60 per share, representing 30% of the approved plan.

Finishing up with our first quarter outlook. Revenue is expected to be between \$330 million and \$355 million.

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

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question comes from Ryan Meyers with Lake Street Capital Markets.

Ryan Meyers^ Congratulations on the strong results and the strong quarter.

So first question for me, thinking about where revenue ended up coming in well ahead of guidance that you previously gave, what were the sources of upside?

Then how should we think about that as a potential lead in for what you gave for the second quarter guidance and then the range that you guys gave there?

Erica Wei^ Ryan, thanks for the question. This is Erica. Yes.

So Q4, our strongest growers or drivers of year-over-year growth was, a, Europe which we've seen very strong performance from for the last several quarters. And looking forward, we expect that to continue in the near future.

Now I do want to be clear, we don't expect the region to indefinitely grow at close to 70%, right? A year from now we should see some gradual slowing down.

The other big grower was Noble House.

So I think we've talked about this on previous calls several times. There was actually a decline in the first half of 2025 because we were doing a complete overhaul of the SKUs in that portfolio.

What that meant exactly was we had, at the time taken out a lot of the SKUs that were not performing as well, not quite as profitable as we would like them to be, and replaced them with new SKUs.

So there was a period where revenue was down. And Q3 and Q4 was when the new SKUs that we introduced really started kicking in or the efforts started paying off, and we saw really quite strong growth of over 40% in Q4 of this year.

And looking ahead, Q1, I would also expect strong contribution from that portfolio. And down the line, that will tend to kind of taper off slowly as we become more and more stable.

Ryan Meyers^ Okay. Makes sense.

Then gross margin, I think you briefly had called it out.

It came down a little bit from last quarter, but was up year-over-year.

So what were the main drivers of that?

Then how should we think about the gross margin in the first quarter here?

Erica Wei^ Yes.

So for overall margin, you really do have to look at product and service separately.

So if we look at service first, the main driver, if we're looking at year-over-year, the biggest one is for sure, ocean, right?

So we all know what happened there. Ever since April, overall demand for ocean services globally have been down.

And I'm not talking about GigaCloud or even the furniture industry, I'm talking about the broader economy.

So spot rates are a lot lower than what they were in 2024.

We actually moved to more containers this year than last year.

But because of the lowered price per unit, overall revenue and margin from that piece is down.

If we look at it sequentially, usually we do see a bit of compression coming out of Q4 because of last mile surcharges that our vendors charge, and these tend to go away around mid-January.

Product-wise, we did see very strong performance coming from Europe which for sure, our strongest region.

Then for all of our geographical regions, we also did see stronger or higher off-platform channel sales. Usually, those have higher gross margins because of the higher sales and advertising expenses that come with.

Does that answer your question, Ryan?

Ryan Meyers^ No. That does. That makes sense.

Operator^ The next question comes from Joseph Gonzalez with ROTH Capital Partners.

Joseph Gonzalez^ Congratulations on another good quarter. This was already asked, but kind of attacking it from a different angle. As we look to your 1Q sales outlook, is there any way you can break out service versus product tier and growth? And also any color on New Classic contributions as we look into 1Q?

Erica Wei^ Yes. Thank you for the question. So we haven't -- we don't really have a breakdown specifically for product and service. But overall, we do expect the trend or kind of they were growing at similar speeds this quarter. We expect that trend to continue for the coming quarter.

And the guidance that was given does indeed include New Classic. So for Q1, we expect revenue from that portfolio to be in the probably mid-teens.

Joseph Gonzalez^ Got it. Okay. Then again just looking -- as we look into like 1Q, thoughts on service gross margin recovery. It looks like services came in at like roughly 6%.

I know you just answer that it's mainly coming from ocean spot rate, but any color as we're heading into 1Q and 2026 on gross margin expansion on that front?

Erica Wei^ Sequentially, I do expect a bit of recovery, mainly because of the change in last mile costs.

So usually, between November and mid-January, we do see increased costs from our vendors because of holiday season and the very high volume.

Once that goes away Q1, usually last mile margins recover a bit.

Then on top of that, we have also been conducting a little bit of pricing increase in Q1.

Joseph Gonzalez^ Okay. Got it.

Then if I could just squeeze one more in here. Just any preliminary thoughts on ocean freight?

I know we've seen compression in 2025.

Just want to see what are your preliminary thoughts are just on gross margin -- on service gross margins this year and how it may be impacted?

Erica Wei^ Great question. Unfortunately, I'm not able to really predict the future when it comes to ocean spot rates, I really wish I could. With that said, what we're seeing at the moment is things seem to be pretty stable, and they are at a point where -- of what I would consider fairly low if we look back at the last two years.

Operator^ This concludes our question-and-answer session. The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.