Conference Call Transcript

Third Quarter 2026

November 2026

Introduction and Disclaimer
Investor Relations

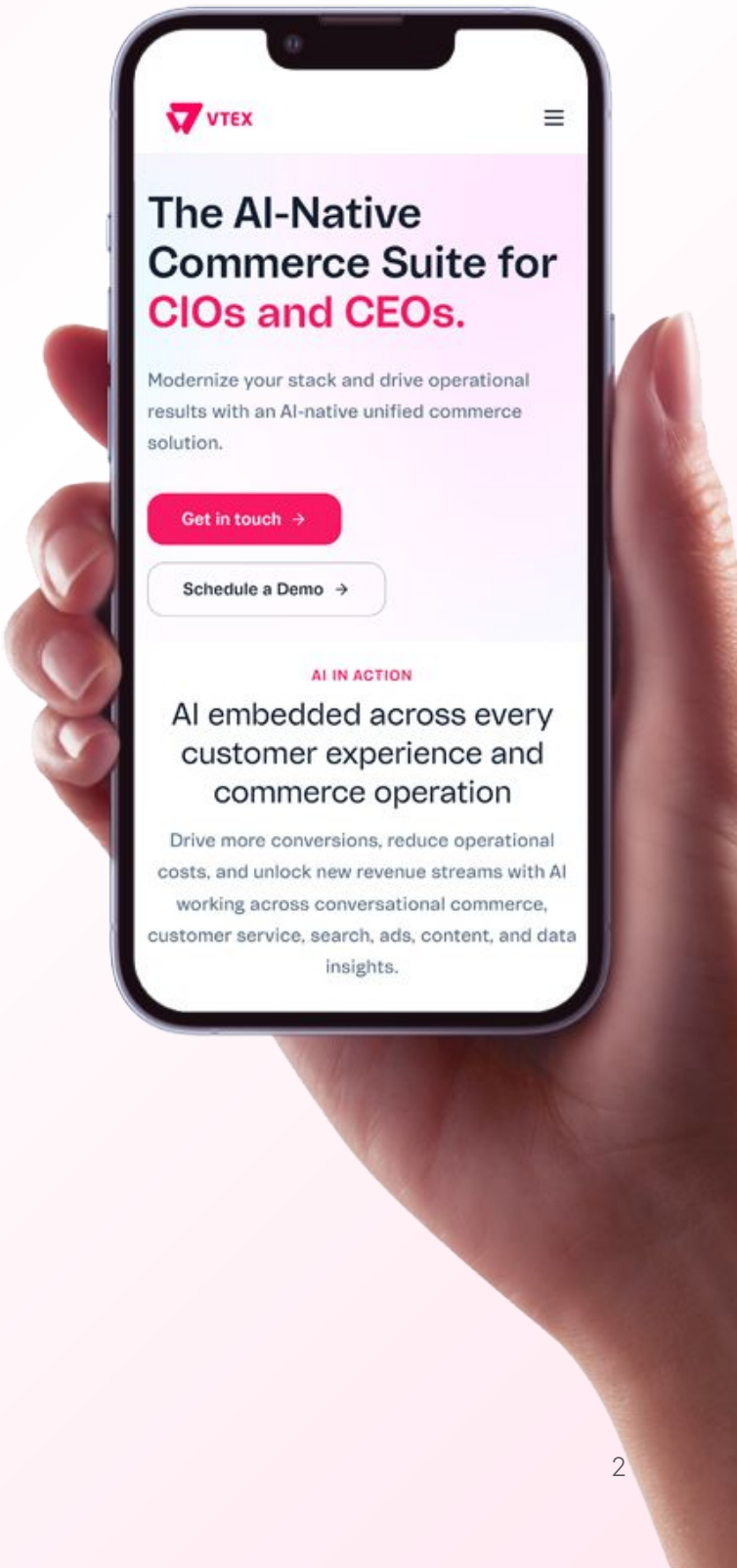
Hello everyone, and welcome to the VTEX earnings conference call for the quarter ended September 30th, 2026. I am Julia Vater Fernández, VP of Investor Relations for VTEX.

Our senior executives presenting today are Geraldo Thomaz, founder and co-CEO, and Ricardo Camatta Sodre, Chief Financial Officer. Additionally, Mariano Gomide de Faria, founder and co-CEO, and Andre Spolidoro, Chief Strategy Officer, will be available during today's Q&A session.

I would like to remind you that management may make forward-looking statements relating to such matters as continued growth prospects for the company, industry trends, and product and technology initiatives. These statements are based on currently available information and our current assumptions, expectations, and projections about future events. While we believe that our assumptions, expectations, and projections are reasonable in view of the currently available information, you are cautioned not to place undue reliance on these forward-looking statements.

Certain risks and uncertainties are described under "Risk Factors" and "Forward-Looking Statements" sections of VTEX's Form 20-F and other VTEX's filings with the U.S. Securities and Exchange Commission, which are available on our investor relations website.

Finally, I would like to remind you that during the course of this conference call we may discuss some Non-GAAP measures. A reconciliation of those measures to the nearest comparable GAAP measures can be found in our third quarter 2026 earnings press release available on our investor relations website.



Overview
Geraldo Thomaz

Good afternoon, everyone, and thank you for joining us.

Last quarter, I said we would earn your confidence, quarter by quarter. **This quarter shows both the progress we have made and the work still required to capture the opportunity ahead.**

While the consumption environment in Brazil remained challenging and weighed on our consolidated growth, we continue to execute with discipline and urgency as we position VTEX for its next phase of growth. Our priorities are clear: accelerate the product transformation, scale the growth drivers gaining traction, and translate that progress into sustainable revenue growth. Let me briefly touch on each priority before giving a more detailed update on each of our growth drivers.

First, we are accelerating our product transformation. AI-native development is already changing the speed and economics of how we build software. In Q3, merged pull requests per engineer increased 100% above Q1 baseline, while fully loaded engineering cost per merged pull request, including AI tooling and tokens, declined around 46%. We are sharing these metrics because they make the transformation tangible: our teams are shipping more, at a lower unit cost, and with faster iteration cycles. **The objective is not engineering productivity for its own sake.** It is to convert that productivity into a faster pace of product innovation for our customers as we redesign our platform around AI-native workflows and agentic capabilities.

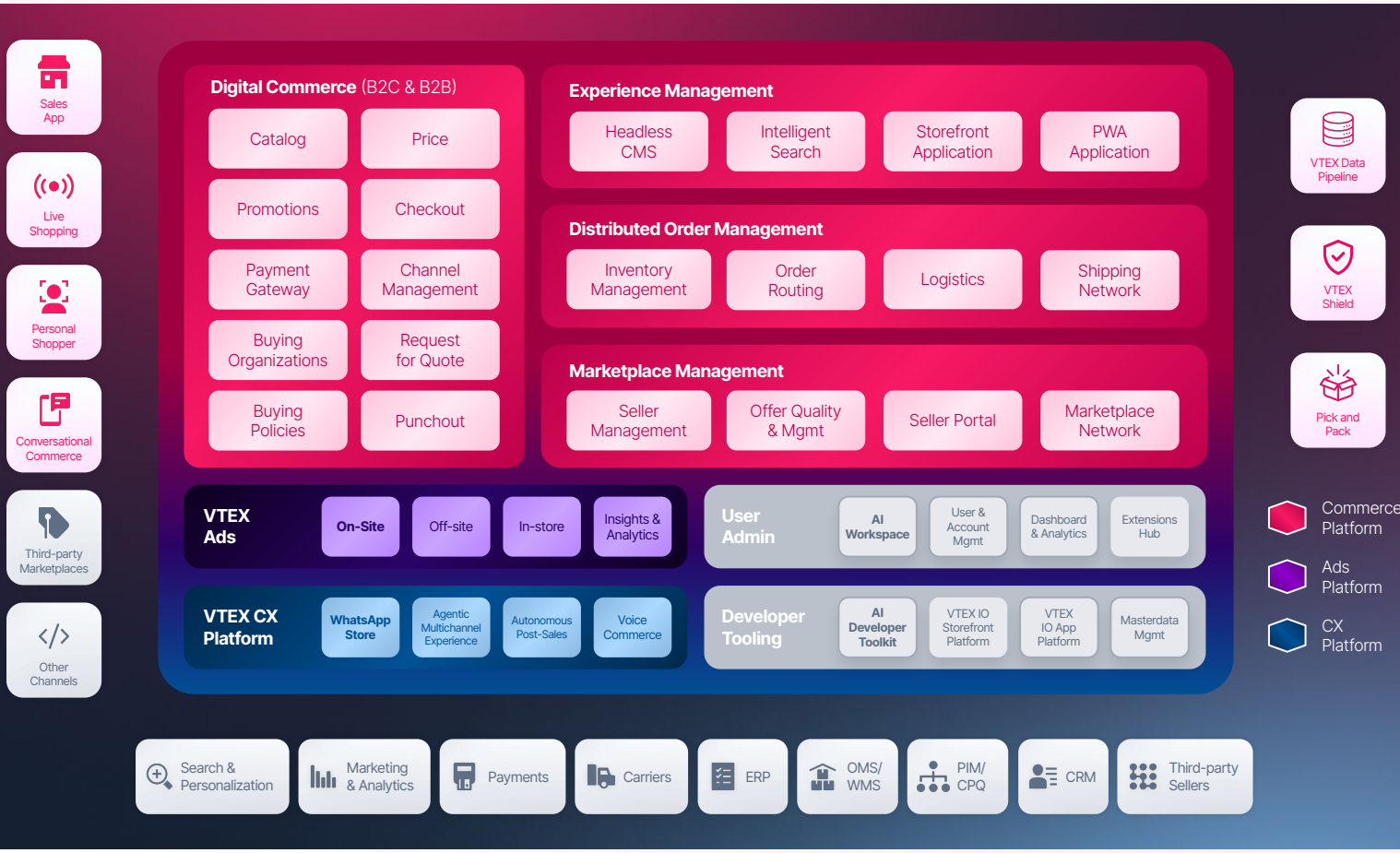
Second, our growth drivers continue to gain traction. Collectively, Global Expansion, B2B, Ads and AI grew at a double-digit rate on an FX-neutral basis in Q3. The remainder of our subscription revenue declined modestly on an FX-neutral basis, consistent with last quarter. This matters for two reasons. Our newer growth engines continue to scale, and the fundamentals of our established business remain solid, with both churn and win rates again broadly stable. While the macro environment remains uncertain, our strategy does not depend on a near-term recovery. **We are actively creating our own path to higher growth by scaling these four growth drivers.**

1. Global Expansion
2. B2B
3. Ads
4. AI

Overview
Geraldo Thomaz

Third, we believe these growth drivers can support sustainable revenue growth for many years. The opportunity is significant: we estimate that **the addressable market for Global Expansion is over 10 times the size of our Latin American market**; the B2B commerce addressable market is likely comparable in size to B2C; and over time, the profit pools around Ads and CX platforms could be comparable to the B2C commerce platform itself. These businesses are also developing with gross margin profiles broadly consistent with VTEX overall gross margin.

We also want to be clear about what has not changed: our financial discipline, our focus on enterprise customers with durable unit economics, and our conviction that our system of record position can evolve into a system of agentic action, creating significant long-term value **across our product suite**.



Overview
Geraldo Thomaz

With that, let me walk you through the quarter, following the order in which our growth drivers contribute to revenue today.

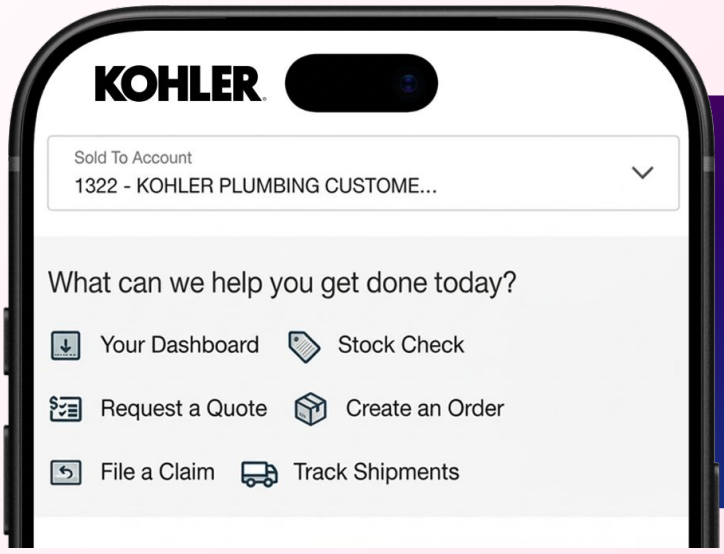
Global expansion remains our largest growth driver, and Q3 gave us a strong customer proof point.

In **North America**, the headline is Kohler, an American manufacturer and one of the world's most recognized providers of bath and kitchen fixtures, which went live this quarter with its next-generation B2B commerce platform for its US distributor network. Built with implementation partner EY and grounded in extensive distributor research and iterative validation, the platform redesigns the wholesale purchasing journey end to end: streamlined catalog navigation, native order orchestration, and account management capabilities that give distributors the autonomy and speed they need for daily commercial operations. Kohler executives have been publicly vocal about the quality of the go-live. This is exactly the caliber of brand we said we were targeting in the United States, and it is live.

Beyond Kohler, **the North America commercial momentum continued to build.** We continue to make progress on the B2B self-service portal and the B2C platform. Another encouraging point is that **Worldwide Golf** expanded its footprint with us, compounding value from an existing relationship, which is the pattern that defines durable enterprise software businesses.

In EMEA, we continue to see encouraging commercial momentum, with recent wins reinforcing both the caliber of global brands increasingly choosing VTEX and the consolidation of our position in strategic verticals. In particular, we are building density in segments such as luxury and home improvement, where the complexity of multi-market operations and demanding enterprise requirements play directly to the strengths of our platform. Several of these engagements include **large multinational organizations** with the potential to expand across additional markets and business units over time. Their selection of VTEX, often following rigorous security, architecture, and enterprise-level evaluations, provides another important proof point of our growing credibility with large global organizations.

Supporting our product evolution in global markets, this quarter **Forrester** named VTEX a Strong Performer in its Commerce Solutions Wave for Q3 2026. In Forrester's report, VTEX received the highest score in the Current Offering category among all ten evaluated vendors. **Gartner** also positioned VTEX as a Challenger in its 2026 Magic Quadrant for Digital Commerce Platforms. In Gartner's Critical Capabilities report, VTEX received the second-highest score for the Complex Businesses Use Case. Together, these recognitions reinforce our competitive strength in serving sophisticated enterprises with complex commerce requirements.



VTEX

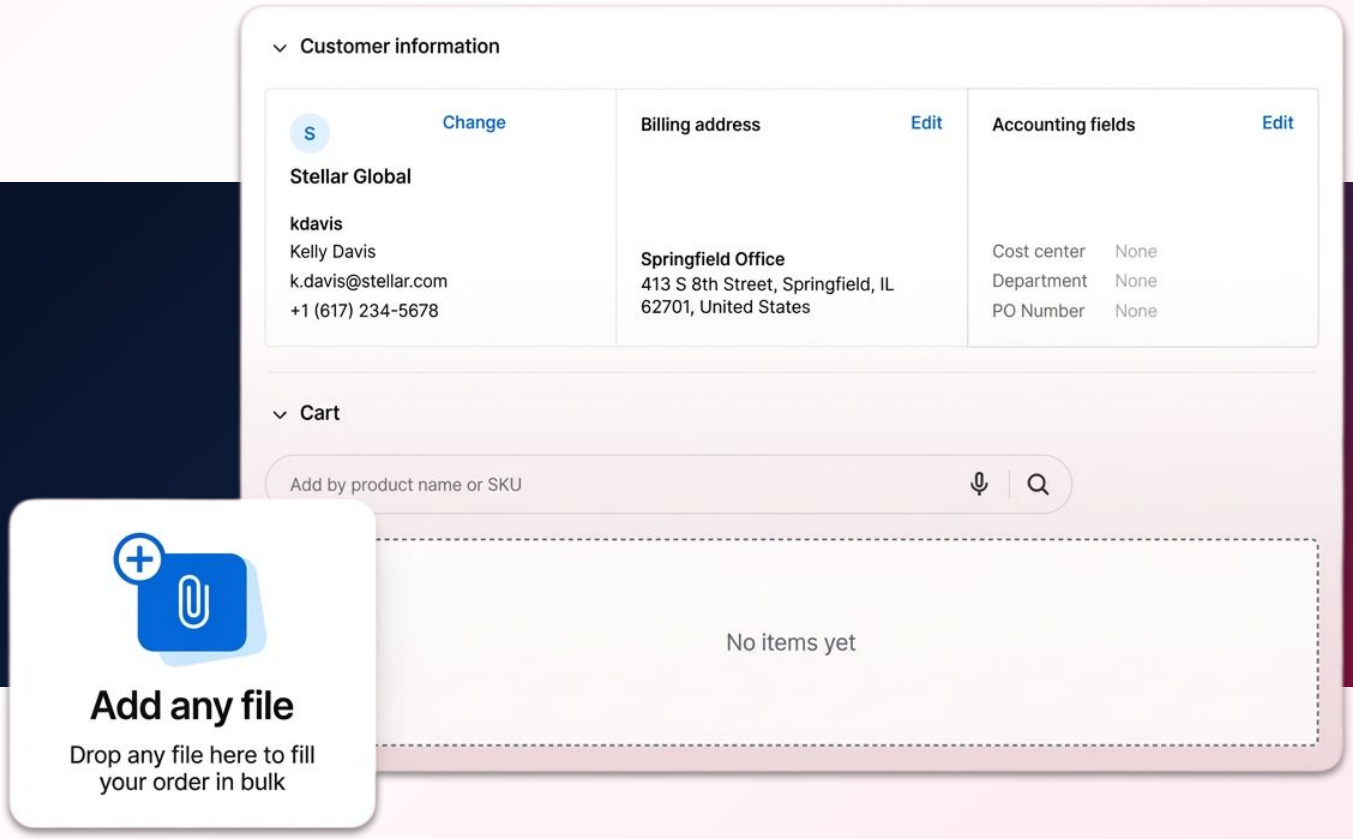
Overview
Geraldo Thomaz

B2B is our second growth driver by revenue contribution and one of the most structurally differentiated parts of our platform. The Kohler win I described above is itself a B2B story, which reflects how inseparable these two drivers have become in our global go-to-market expansion.

In Brazil, B2B interest continues to build, as we see receptiveness for our Buyer Portal among large enterprises. We are also seeing **customers increasingly evaluate B2B capabilities alongside our CX Platform** and AI-powered conversational commerce solutions, providing early indication of the cross-sell opportunity across the VTEX suite.

Across Europe and North America, B2B is becoming an increasingly meaningful component of our enterprise pipeline, reflecting a significant evolution from a business that historically was much more heavily concentrated in B2C opportunities.

Independent validation of our B2B platform strength came this quarter from the **Paradigm B2B Combine: Enterprise Edition 2026**, where VTEX earned Gold Medal recognition in nine of twelve evaluation categories.



Overview
Geraldo Thomaz

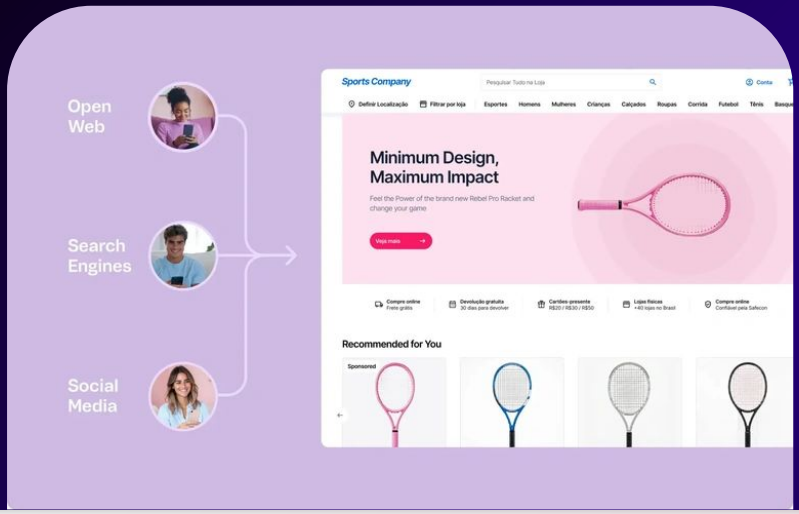
VTEX Ads is our third growth driver, and I want to update the framing of this business because it has evolved beyond what retail media traditionally means.

We are building a **Commerce Media Network**, a multi-vertical, omnichannel advertising infrastructure connecting brands and publishers across on-site storefronts, off-site performance channels including Google, Meta, and TikTok, and physical in-store environments through our Eletromidia partnership. By decoupling data and inventory, we are leveraging our network commerce data to reach more audiences and expand the addressable market. **We have been actively extending that network into new verticals:** Wellness through TotalPass, Banking through PicPay, and Travel through CVC, each bringing a distinct audience profile that generates value for advertisers who cannot reach those audiences through generalist platforms.

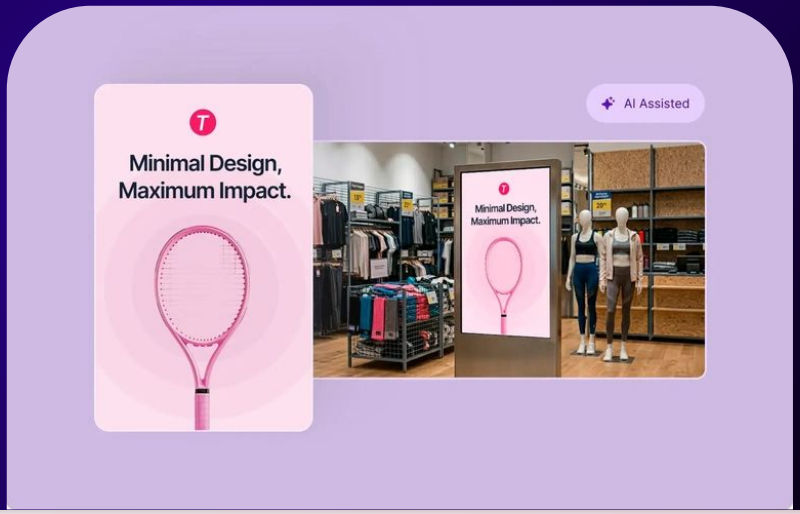
In pharmaceuticals, we have already established a leading position across Latin America. The combination of **qualified health audiences** and the **precise segmentation our platform enables** is creating a differentiated inventory category that generalist retail media networks cannot replicate.

The **2027 vision** for this business is to shift from selling static ad placements to monetizing user intent and audience data across safe, multi-merchant networks, providing brands with clean-room analytics, market share metrics, and new-to-brand acquisition tracking. **That is a fundamentally different value proposition from where retail media started, and it is the direction the most sophisticated buyers in this market are already moving.**

Off-site



In-store



Overview
Geraldo Thomaz

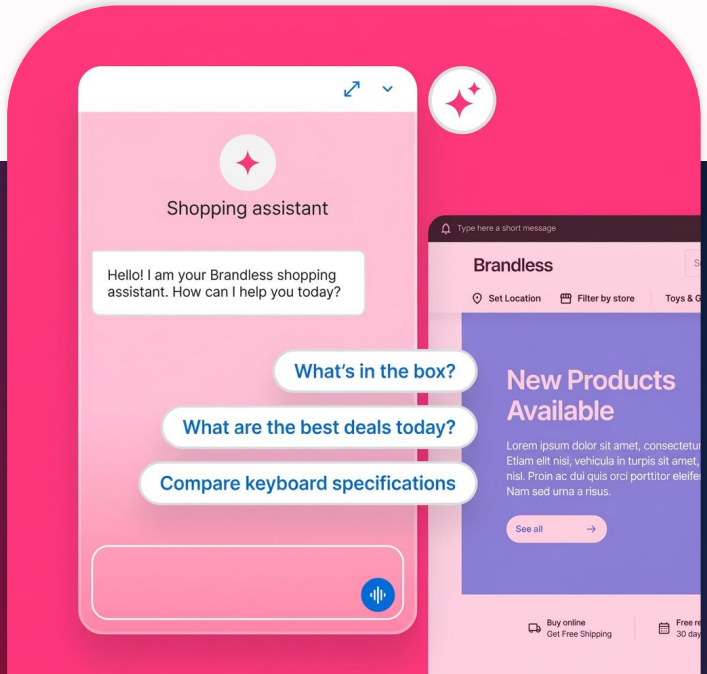
Our fourth growth driver is **AI**, and I want to be clear about how we think about the two parts of this story.

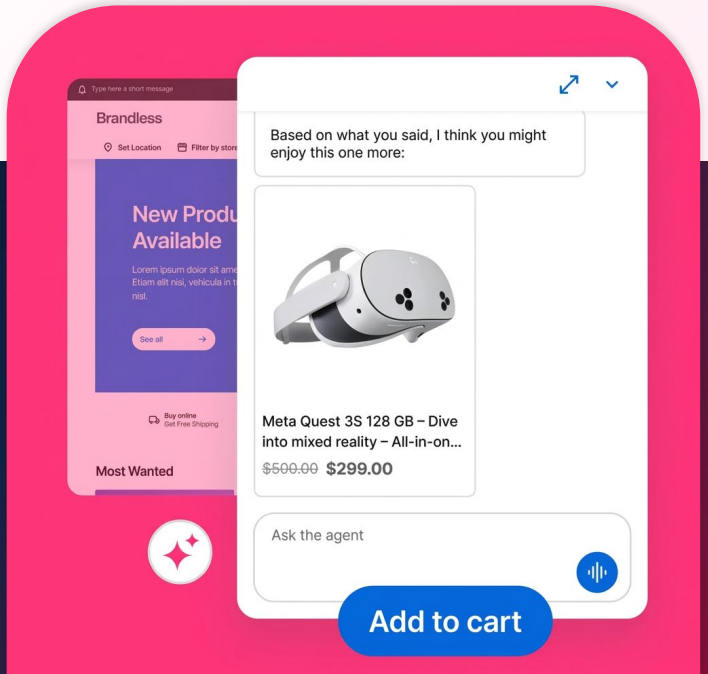
The **CX Platform** is our most commercially mature AI product today, generating revenue and expanding internationally. The AI Workspace is where the entire platform is going, earlier in deployment, but more structurally transformative. Both are important. Both are moving.

The CX Platform had its strongest quarter ever. Annual Contract Value added in Q3, though from a small base, **grew by triple digits year over year**. Almost a third of the new contract value was originated across Peru, Colombia, Mexico, Ecuador, Uruguay, and Spain, confirming that **this product's addressable market extends well beyond Brazil.**

The CX Platform operational metrics continue to strengthen. Our AI agents are driving an approximately **30% abandoned cart recovery rate.** Average customer inquiry resolution now **takes 6 messages** on the VTEX platform, compared to 14 to 20 messages on traditional rule-based chatbots. In Q3, we deployed an updated AI model that operates at **80% lower cost** than the Q2 version while delivering superior conversational accuracy, firmly establishing CX gross margins at a similar level to VTEX's overall gross margin.

On competitive differentiation, our advantage is not simply the conversational interface; it is the depth of commerce context behind every interaction. Because the CX Platform is natively connected to the VTEX Commerce infrastructure, AI agents can operate with real-time access to the merchant's catalog, pricing and promotions, inventory, order history, payment and credit information, and customer data. That allows the interaction to move **beyond answering questions to actually executing commerce**, from product discovery and personalized offers to order placement and post-purchase actions. That depth is our structural advantage.



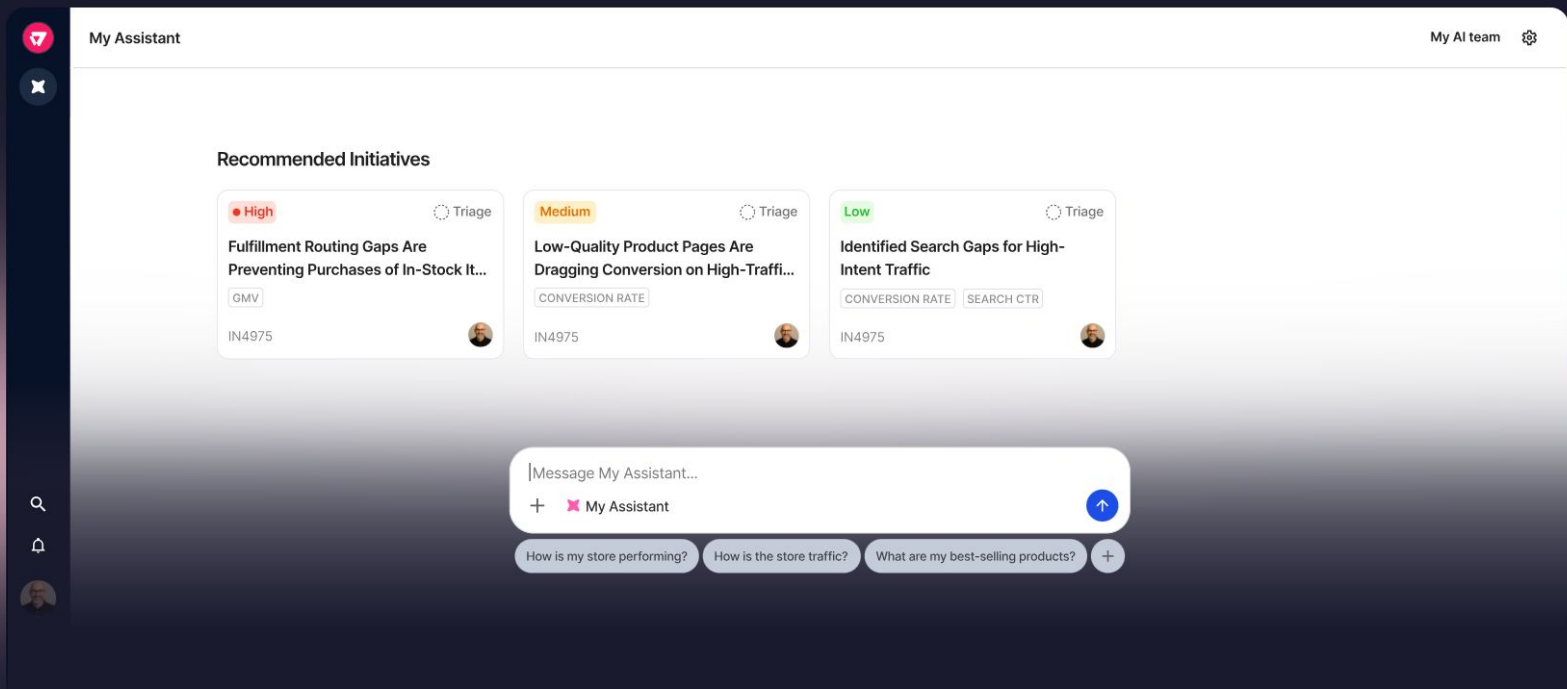


Overview
Geraldo Thomaz

Moving on to our **AI Workspace**. In Q3, we more than doubled its operational insight capabilities. Our co-creation model is also accelerating how quickly we learn and iterate: we can move from an idea to customer validation in as little as two to five weeks, and capabilities developed with one merchant can be deployed across others within hours. These agents are already surfacing concrete operational opportunities. **For example**, for one customer testing it, the agents identified 145 underperforming search rules that generated 76,000 impressions without a single order over 28 days. These early deployments are helping us refine the product as we prepare AI Workspace for broader availability over the coming quarters.

Our new **FastStore** is already demonstrating how AI can accelerate storefront migrations while delivering superior performance. **RiHappy** migrated from our legacy Store Framework to our new FastStore in just 12 days, achieving Lighthouse scores of 97 on mobile and 100 on desktop. **Fila** completed its migration in three weeks, with approximately 90% of the process automated through AI, and achieved Lighthouse scores of 95 on mobile and 98 on desktop. **Early adopters** are reporting that faster storefront performance is also translating into higher conversion rates. These deployments show how AI can materially shorten enterprise storefront migrations while improving both performance and conversion.

We are also seeing measurable commercial impact from other AI-native capabilities. **Delivery Promise** is now live with more than 50 customers, translating better fulfillment visibility into higher sales. It generated incremental GMV of 1.5% at Reserva and 2.9% at Intimissimi. At Hering, where **Delivery Promise** and **Semantic Search** are both deployed, available assortment expanded 20% and total sales increased 5%. These results give us confidence that our AI-native capabilities can translate product innovation into measurable operational and commercial value for our customers.



Overview
Geraldo Thomaz

Let me close with this. We are very clear-eyed about where we are today. **The transformation we are driving is not yet fully reflected in our revenue growth,** and we know that ultimately the financial results need to follow.

But we are equally clear about where commerce is going and the role we believe VTEX can play in that future. Across B2B, Ads, CX, and AI, we are building a platform that moves beyond powering transactions to actively orchestrating commerce. The signals we are seeing, from enterprise adoption and pipeline composition to product engagement and our own internal productivity, **continue to strengthen our conviction that this is the right transformation.**

So our focus is straightforward: stay disciplined, keep executing, and continue compounding these proof points until they translate into meaningful growth at scale.

We like our position, we like the assets we have built, and we like our odds. The work now is to turn that strategic progress into revenue reacceleration, and we are laser-focused on getting there.

Thank you. Ricardo, over to you.



Financial Update
Ricardo Camatta Sodre

Thank you, Geraldo. Hi everyone.

Let me walk you through our third-quarter 2026 financial results, starting with the broader context.

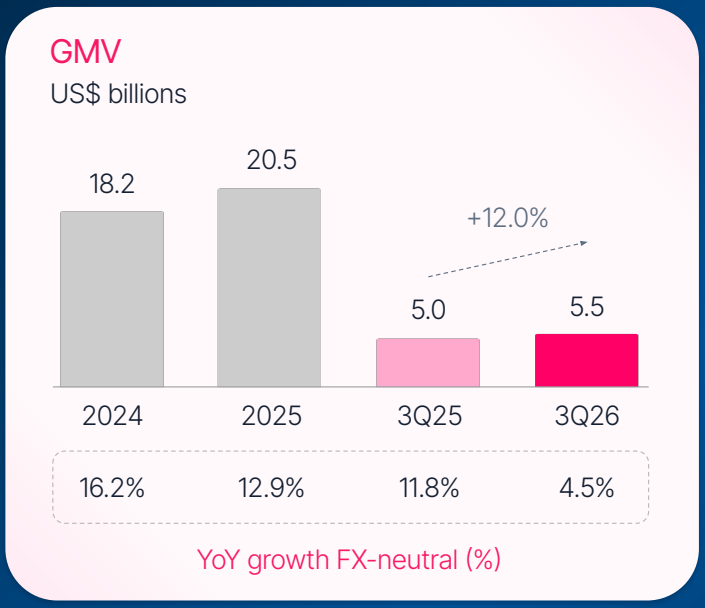
We continue to operate in a **challenging macroeconomic environment**, particularly in Brazil, where elevated interest rates are weighing on consumer spending, while the promotional marketplace environment continues to compete for consumers' share of wallet. These dynamics have been particularly evident in the performance of our existing store base, **affecting the GMV-linked component of our subscription revenue**.

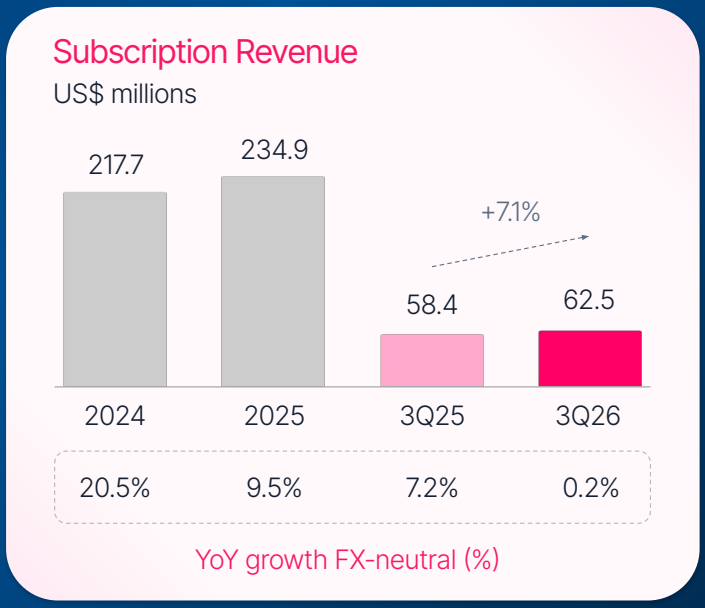
At the same time, we continue to make **meaningful progress** across the areas that will shape VTEX's next phase of growth. Our strategic growth drivers are expanding significantly faster than the consolidated business, our gross margin remains healthy, and our ability to generate cash remains strong. As Geraldo discussed, we have a clear set of strategic priorities, and the early results of our product transformation are encouraging. We are focused on executing against those priorities while maintaining the financial discipline that allows us to invest with conviction.

With that context, let me take you through the numbers.

GMV reached **US$5.5 billion** in Q3 2026, growing **12.0% year over year in U.S. dollars** and **4.5% on an FX-neutral basis.** The sequential moderation was primarily driven by Brazil, where existing store performance continued to reflect the macroeconomic and channel dynamics I just described.

Subscription revenue reached **US$62.5 million**, growing **7.1% year over year in U.S. dollars** and **0.2% on FX-neutral**. Despite the continued pressure on existing-store GMV in Brazil, our customer mix and our implied take rate remained broadly stable sequentially.



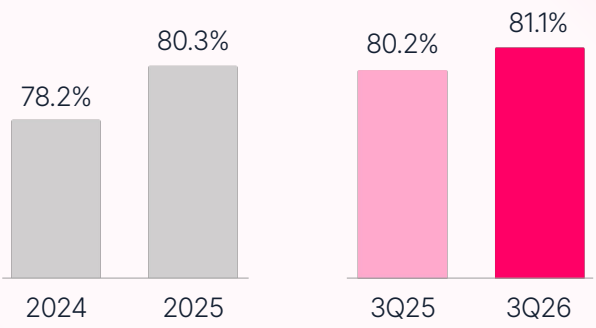


Financial Update
Ricardo Camatta Sodre

Moving to profitability, **non-GAAP subscription gross margin** expanded 90 basis points year over year to **81.1%**, compared to **80.2%** in Q3 2025. This improvement continues to reflect the structural efficiencies we are capturing through AI-driven customer support automation and broader operational optimization. Sequentially, gross margin remained broadly stable, following the significant expansion achieved over the past several quarters.

Total GAAP gross profit reached **US$50.5 million**, growing **9.7% year over year** in U.S. dollars, ahead of subscription revenue growth. This is an important reflection of the scalability of our model and our ability to improve unit economics as the business evolves.

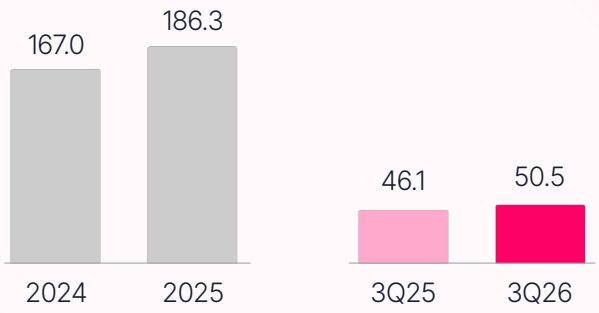
Subscription Gross Margin (Non-GAAP)



2024	2025	3Q25	3Q26
$170.2	$188.7	$46.9	$50.7

Subscription Gross Profit ($mm, Non-GAAP)

Total Gross Profit ($mm, GAAP)



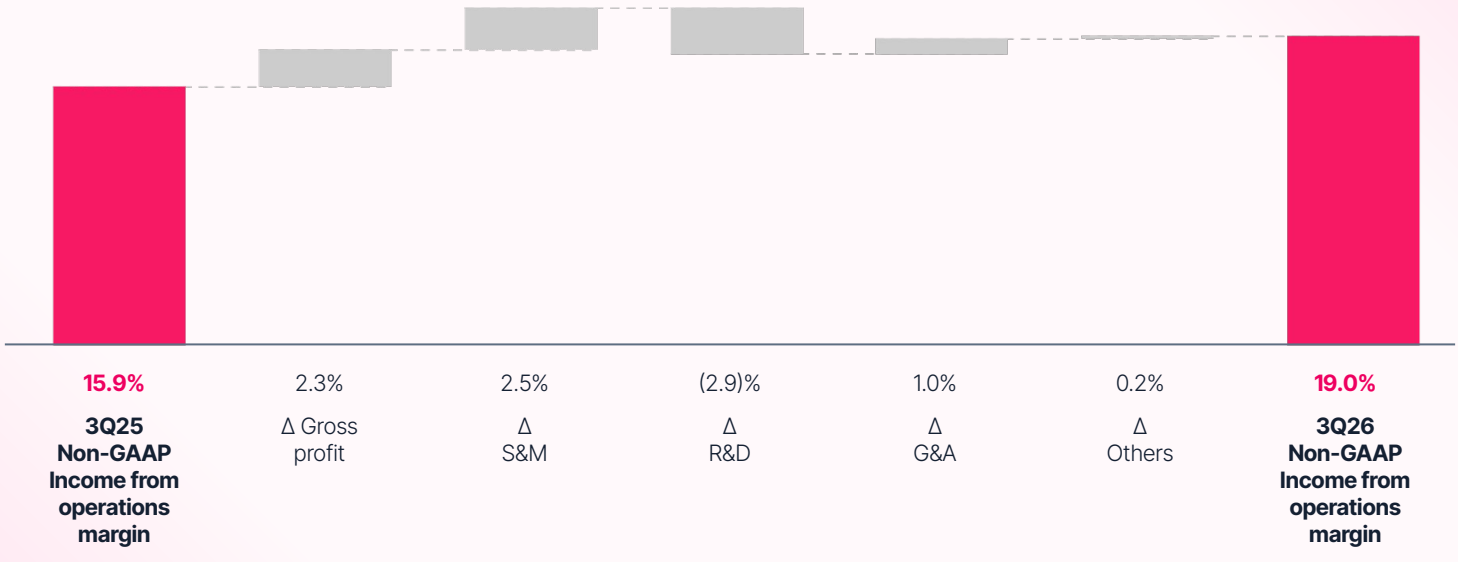
2024	2025	3Q25	3Q26
73.7%	77.5%	77.3%	79.8%

Total Gross Margin (GAAP)

Financial Update
Ricardo Camatta Sodre

Moving to operating income, **non-GAAP operating income** reached **US$12.1 million**, up **27.1% year over** year, with a margin of **19.0%**. Margin was below our expectations, primarily due to higher AI usage in R&D. As Geraldo highlighted, these investments are already driving tangible productivity gains, with merged pull requests per engineer up 100% and unit cost per merged pull request down 46%. As we scale adoption, we are also improving the economics of AI usage. We are rolling out our proprietary Smart Router, which directs each prompt to the most cost-efficient AI model for the task and, in early testing, reduced AI cost per engineer by more than 50% while maintaining comparable output quality. This should allow us to scale AI adoption and productivity while supporting operating leverage over time.

Moving below the operating line, **non-GAAP net income** reached **US$7.0 million**, compared to **US$10.6 million** in Q3 2025. The year-over-year decline primarily reflected mark-to-market adjustments to our investment-grade fixed-income portfolio following higher U.S. treasury yields. Because these unrealized losses were recognized in our Cayman entity and do not generate a corresponding tax benefit, they also increased our effective tax rate. These unrealized financial impacts were partially offset by the **27%** growth in **operating income**.



Financial Update
Ricardo Camatta Sodre

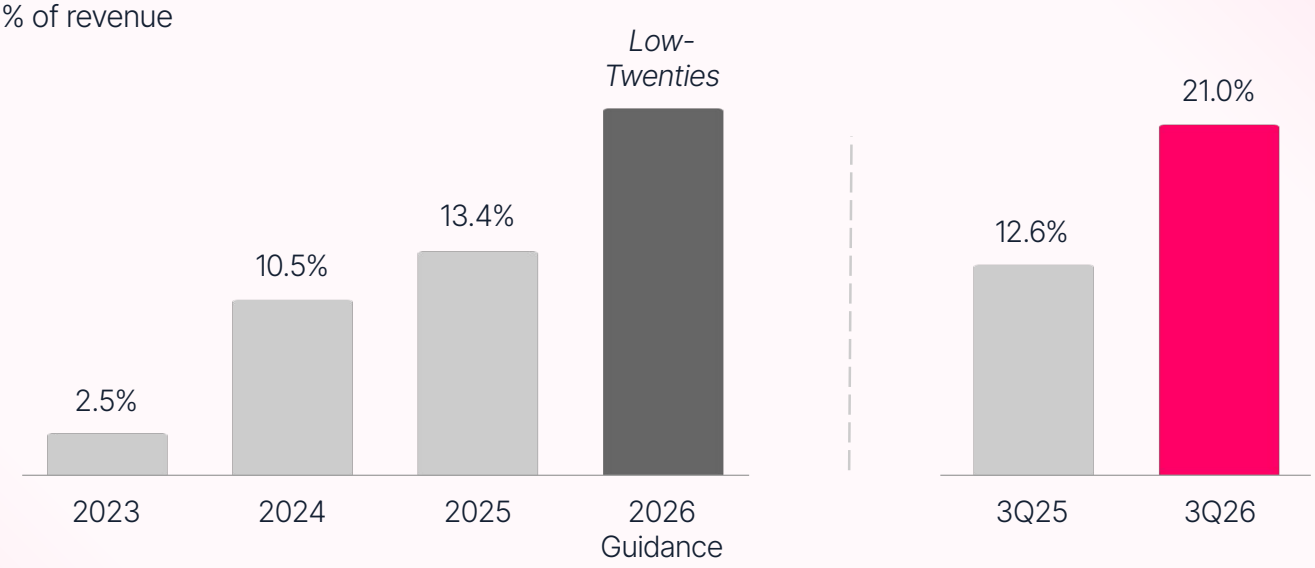
Now, turning to cash generation, **free cash flow** reached **US$13.3 million** in the quarter, increasing **77.3% year over year**, compared to **US$7.5 million** in Q3 2025. **Free cash flow margin** expanded to **21.0%**. With that, for the last twelve months, we generated **US$50.4 million** in free cash flow, representing a margin of **19.6%**.

This is an important aspect of our investment thesis. Even as we incease investment in product innovation, our business continues to generate substantial cash. That combination provides us with the flexibility to fund our strategic priorities, pursue attractive opportunities, and return capital to shareholders.

On that last point, during the third quarter, we **repurchased 2.8 million Class A common shares** at an **average price of US$3.85 per share**, for a **total investment of US$10.8 million**. As of September 30, we had executed approximately **US$44 million** of our US$50 million share repurchase authorization.

Free Cash Flow

As % of revenue



Free Cash Flow ($mm)

Financial Update
Ricardo Camatta Sodre

Looking forward, our updated outlook reflects further weakening in consumption trends in Brazil, particularly in October, and greater near-term uncertainty. These headwinds are **partially offset** by less demanding year-over-year comparisons and an increasing contribution from our strategic growth drivers.

With that, for the **fourth quarter of 2026**, we expect:

- negative low-single digit FX-neutral **subscription revenue growth**;
- approximately flat FX-neutral **gross profit growth**;
- a **non-GAAP operating income margin** in the mid-twenties; and
- a **free cash flow margin** in the mid-twenties.



For the **full year 2026**, we are now targeting:

- approximately flat FX-neutral **subscription revenue growth**;
- low-single digit FX-neutral **gross profit growth**;
- a **non-GAAP operating income margin** in the low-twenties; and
- a **free cash flow margin** in the low-twenties.

Assuming foreign exchange rates remain broadly consistent with October's closing levels, our FX-neutral subscription revenue growth guidance would translate into additional reported U.S. dollar growth of approximately **3.5** percentage points in Q4 and **7.4** percentage points for the full year.

Looking ahead to 2027, while it is still too early to provide formal guidance and the macro backdrop remains uncertain, we would not extrapolate Q4's growth rate into next year. Based on current trends, several factors should support a more stable subscription revenue growth profile, including an increasing contribution from our strategic growth drivers, a modest improvement in new-customer revenue contribution, and less demanding year-over-year comparisons.

Financial Update
Ricardo Camatta Sodre

Before opening the call for questions, let me leave you with a few **final thoughts**.

We are navigating a challenging environment, and we recognize that our consolidated revenue growth has not yet reflected the progress we are making across our strategic initiatives. Brazil continues to face macroeconomic and marketplace promotional pressures, and **we are managing those dynamics with discipline.**

But there is also **a great deal happening beneath the consolidated growth rate.**

Our **subscription gross margin** has expanded to over 80% from less than 70% five years ago. **Operating income** grew 27% this quarter. **Free cash flow** increased 77%. Our strategic growth drivers continue to grow significantly faster than the overall business. And we are accelerating innovation at a time when AI is fundamentally reshaping the enterprise software industry.

We have clear strategic priorities, promising early results, and the financial strength to continue executing. We are becoming more focused on where we invest, more efficient in how we operate, and more ambitious about what we can deliver to our customers.

We are confident in the direction we are taking and encouraged by the progress we are seeing.

With that, let's open the call for questions. Thank you.



Closing Remarks
Geraldo Thomaz

Before we close, I want to leave you with one thought.

We have been very direct today about where the financial results are and about the work still ahead of us. But we are equally clear about the transformation underway inside VTEX and increasingly confident that it is taking us in the right direction.

A year ago, much of what we were discussing was a vision for where commerce was going. Today, we have more tangible evidence behind that vision: global enterprise brands going live on VTEX, B2B gaining relevance across our international business, the CX Platform delivering its strongest quarter yet, enterprise merchants actively testing AI Workspace, and AI already driving measurable improvements in the productivity of our own engineering organization.

These are not projections. They are facts. And they are the kind of facts that earn external validation from **Gartner**, **Forrester**, and **Paradigm**.

We recognize that this progress is not yet translating into the revenue reacceleration we are working toward. That is precisely why our focus remains so sharp. We are not changing course in response to short-term pressure. We are staying disciplined, investing behind the areas where we see the strongest evidence, and executing against the transformation we believe will define the next phase of VTEX.

Commerce is becoming more fragmented, more conversational, and increasingly driven by AI. In that environment, **brands will need an intelligence and orchestration layer** that connects their inventory, pricing, promotions, transactions, and customer relationships across every interface where commerce happens. That is what we are building VTEX to become.

We like the position we are building, and we like our odds. Now the job is to keep compounding these proof points until product momentum becomes commercial momentum, and commercial momentum becomes durable growth at scale.

That is our focus. **We will remain disciplined, we will keep executing, and we will keep earning your confidence quarter by quarter.**

Thank you for joining us today. We look forward to updating you next quarter.

VTEX

Thank you!

Contact
Julia Vater Fernández
VP of Investor Relations
investors@vtex.com