

VTEX

First Quarter 2025 Conference Call Transcript

Introduction and Disclaimer

Investor Relations

Hello everyone, and welcome to VTEX's earnings conference call for the first quarter of 2025. I'm Julia Vater Fernández, VP of Investor Relations.

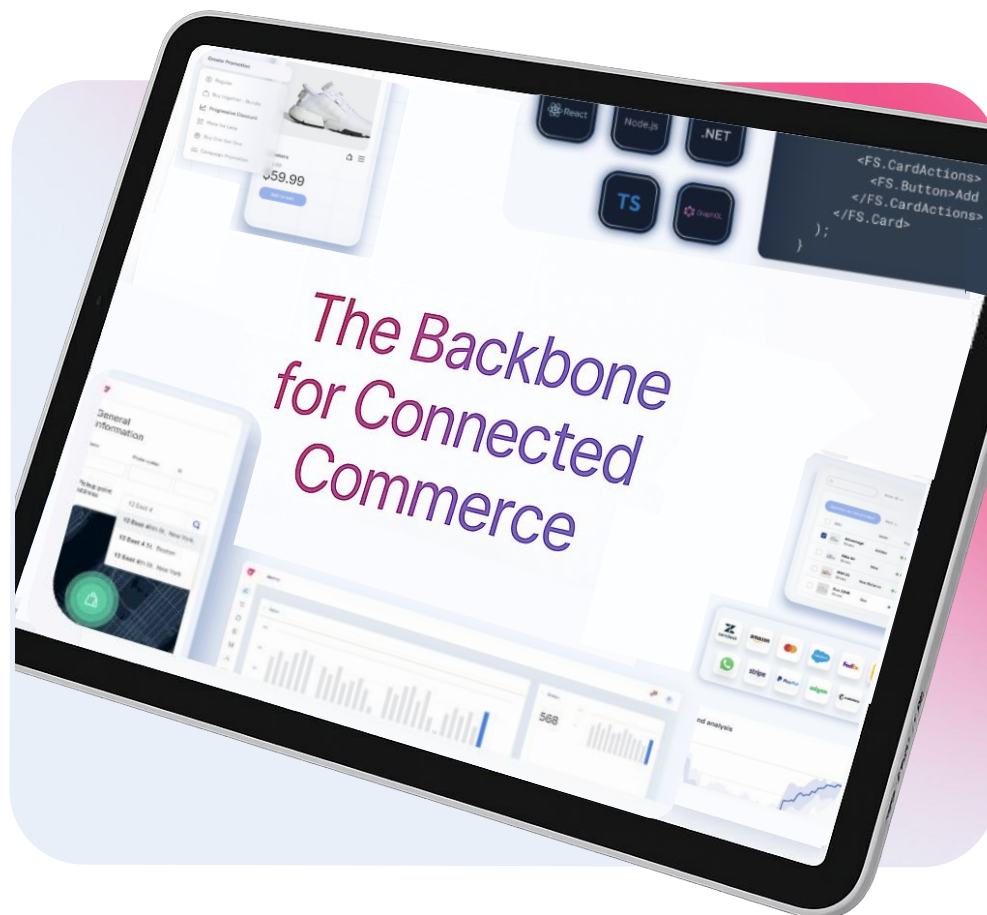
Joining me today are Geraldo Thomaz Jr., our Co-Founder and Co-CEO, and Ricardo Camatta Sodre, our Chief Financial Officer. Also joining us for the Q&A session are Mariano Gomide de Faria, Co-Founder and Co-CEO, and André Spolidoro, Chief Strategy Officer.

Before we begin, please note that today's remarks may include forward-looking statements. These statements are based on our current assumptions and

projections, and actual results may differ. Additional information regarding risks and uncertainties is detailed in our Form 20-F for the year ended December 31, 2024, and other filings with the SEC, all of which are available on our Investor Relations website.

During this call, we may also reference certain non-GAAP financial measures. Reconciliations to the most comparable GAAP figures can be found in our Q1 2025 earnings press release, also available on our Investor Relations site.

With that, let me turn the call over to Geraldo.



Overview

Geraldo Thomaz Jr.

Thank you Julia.

Welcome everyone, and thanks for joining our first quarter 2025 earnings conference call.

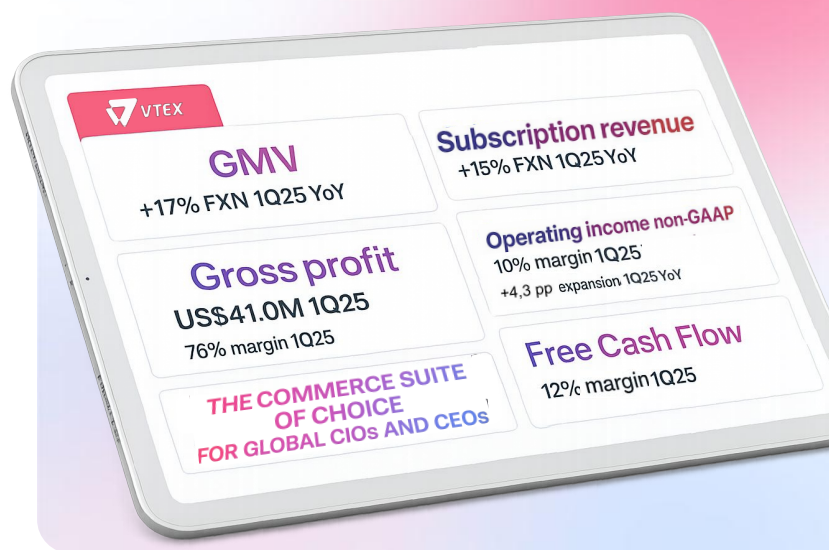
We delivered a solid start to the year, despite the ongoing macroeconomic volatility. Subscription revenue grew 15% in FXN in Q1. As we look ahead, **the recent go-lives of key enterprise customers, combined with the continued progress in our product innovation and platform expansion initiatives, reinforce our confidence in the sustainability of our profitable growth strategy.**

In a seasonally softer quarter, we also delivered profitable growth and significant margin expansion. Our gross profit reached \$41.0 million, a 22% growth in FX neutral and 3.7 percentage points margin increase year-over-year. Additionally, our non-GAAP operating income increased to \$5.3 million, an 85% growth and 4.3 percentage points margin increase year-over-year. The strong operating income was supported by even stronger free cash flow generation of \$6.6 million. Finally, our non-GAAP net income reached \$5.3 million in Q1 and \$34.5 million over the last twelve months. I will let Ricardo further expand on these financials shortly.

VTEX continues to solidify its position as **the platform of choice for global CIOs and CEOs** seeking operational efficiency and commercial agility. Enterprises choose VTEX for more than software but for outcomes: accelerated time to market, increased revenue, improved margins, and reduced complexity.

Looking ahead, we are building a future for VTEX that goes even beyond that. A future where VTEX intelligent agents evolve into digital workers, autonomously managing core workflows across service, demand generation, and merchandising for our customers. **We are not just adapting to the future of commerce, we are building it.**

Now, let me highlight a few commercial achievements of the quarter.



Overview

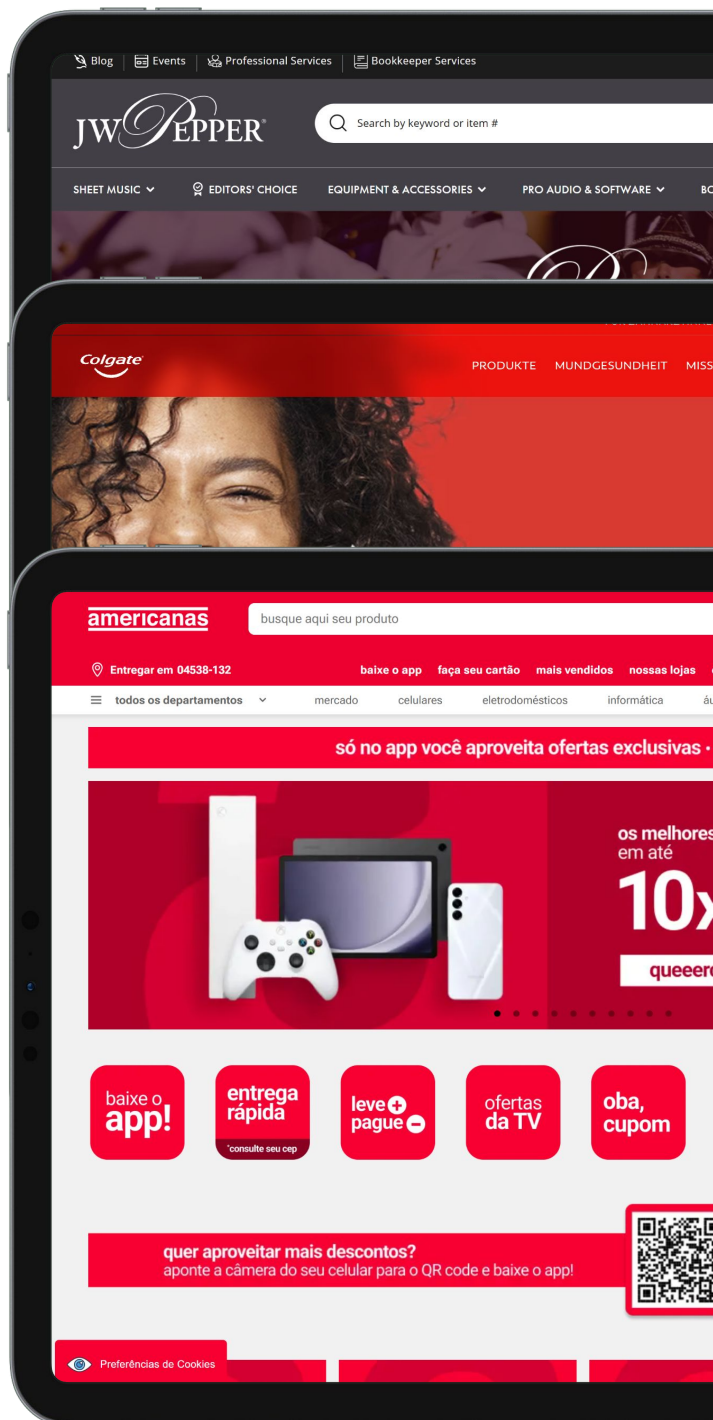
Geraldo Thomaz Jr.

In Q1 we successfully brought several new customers live, including:

- ❑ **Magazzino** and **LG** in Argentina;
- ❑ **Americanas**, **Apoio Entrega**, **Moda Colmeia**, **Oscar Calçados** and **Urban Performance** in Brazil;
- ❑ **LF10** in Colombia;
- ❑ **Orocash** in Ecuador;
- ❑ **La Sirena** in Spain;
- ❑ **Berel** and **Procarga** in Mexico; and
- ❑ **GS1 US** and **J.W. Pepper** in the US.

We also strengthened relationships with key existing customers:

- ❑ **Bemol** launched a new vertical, **Bemol Pharma**, now operating two stores in Brazil;
- ❑ **Colgate** launched a **new store in Germany**, expanding its VTEX presence across the Americas and Europe;
- ❑ **Crocs** launched a **new store in Chile**, now present in five Latin American markets with VTEX;
- ❑ **Hearst** launched **Oprah Daily Shop** in the US, expanding its VTEX presence to six stores;
- ❑ **Levi's** added **Colombia**, now present in six Latin American markets; and
- ❑ **Mondelez** launched a new **B2B store in Spain and in Ecuador**, expanding its VTEX footprint into Europe.



Overview

Geraldo Thomaz Jr.

Another noteworthy development this quarter, though not yet live, is that **Manchester City Football Club** has joined the VTEX platform. The Club is currently implementing VTEX as **the foundation for its official digital commerce strategy**. We are supporting Manchester City in reimagining and streamlining its digital commerce experiences to deliver a seamless and intuitive journey for fans. This initiative will enable supporters to access and purchase City-related experiences through a unified and efficient checkout process, whether online or via mobile.

To build on our momentum in contract signatures and reinforce brand trust, we launched the **"Give Your All" campaign**, featuring cricket icon **Ravindra Jadeja** as a VTEX ambassador. The campaign resonates strongly with CEOs and CTOs in the US, where approximately half have an affinity for cricket, helping us connect with an influential and professionally relevant audience.

Official Partner of
Manchester City FC



Overview

Geraldo Thomaz Jr.

We also hosted the second edition of **VTEX Connect NYC**, our flagship event for senior commerce executives, held immediately following NRF. This year, we expanded the event's scope and quality, welcoming CEOs, CIOs, and senior executives from leading retailers. **Simone Biles** delivered a keynote fireside chat, joined by Brazilian gymnastics champion **Rebeca Andrade**. The event showcased our leadership in digital commerce and strengthened our relationships with partners and decision-makers. In addition to its increased impact, the event was executed with greater cost efficiency. Supported by over 14 sponsors, VTEX Connect NYC served as a strategic platform to deepen relationships with our partners, enhance VTEX's visibility among top industry stakeholders, and engage directly with key decision-makers within the NRF audience. By gathering the industry's most influential voices and integrating globally recognized figures, we continue to elevate VTEX's position at the forefront of digital commerce transformation.

We're also proud to share that VTEX was once again recognized as a **Customers' Choice** in the **2025 Gartner® Voice of the Customer for Digital Commerce report**, for the second year in a row. This recognition is especially meaningful because it is based entirely on customer reviews, underscoring our platform's impact and reliability. This recognition, based solely on real customer reviews, highlights our ability to deliver exceptional product capabilities, ease of use, reliable support, and measurable business impact. In a landscape where choosing the right commerce partner is mission-critical, being named Customers' Choice for the second year in a row reinforces VTEX's position as the trusted, scalable, and innovation-driven platform of choice for global enterprises.



Overview

Geraldo Thomaz Jr.

Before moving into our customer success stories, I'd like to revisit a concept introduced earlier: **VTEX is evolving from a single platform into a comprehensive suite of commerce products, designed with seamless interoperability at its core.** This transformation underpins our positioning as **"the commerce suite of choice for bold CIOs and CEOs globally."**

We're doubling down on two high-impact product bets: **B2B commerce** and **Retail Media**. In Q1 2025, we accelerated our Retail Media strategy with the acquisition of Newtail, a leader in Brazil's retail advertising space. This added over 400 advertisers and brands to our network including Casas Bahia, Panvel, KaBuM!, and Leroy Merlin, and positioned VTEX as a leading end-to-end retail media platform.

With **VTEX Ads**, we now offer a unified, high-performance solution that combines our composable commerce infrastructure with Newtail's media innovation. Advertisers gain access to hyper-targeted inventory, detailed performance insights, and intelligent placements, enabling smarter targeting and stronger returns across the full commerce journey. **We're building the next generation of scalable, data-driven retail media, and we're here to lead and consolidate the space.**



Overview

Geraldo Thomaz Jr.

With that said, let's go into a couple of **customer stories** to put in a tangible way how we are working side by side with our customers to get meaningful business impact.

Americanas, one of Brazil's most iconic and influential retail giants, chose VTEX to simplify operations and drive efficiency with innovative solutions replacing some of its in-house developed systems. Through VTEX's out-of-the-box features and collaborations with specialized partners, we delivered a comprehensive commerce solution tailored to Americanas' needs. This included robust omnichannel capabilities, marketplace integration and advertising tools. These solutions streamlined processes, accelerated time-to-market, and significantly lowered the total cost of ownership. In addition to VTEX's native capabilities, Americanas is also leveraging the strength of the VTEX ecosystem by integrating partner solutions, replacing certain legacy systems with more scalable alternatives. Following a detailed system analysis and close collaboration, we co-designed a streamlined, future-ready architecture that enhances operational efficiency, supports rapid scalability, and aligns seamlessly with Americanas' long-term strategic objectives. The Americanas win underscores the continued depth of opportunity within Brazil, a market where VTEX already has a strong presence, yet still holds significant runway for growth. It demonstrates that even in more developed geographies, there are remaining sizable, high-impact digital transformation opportunities for us to capture over the coming years.

A leading frozen food retailer in Spain, partnered with VTEX to modernize its digital commerce and bridge the gap between its physical stores and online presence. Seeking greater flexibility, the brand chose VTEX for its ability to manage complex catalogs and store-level logistics with ease. VTEX also enabled smooth integration with the customer's new loyalty program, creating a more intuitive and personalized customer journey. With marketplace capabilities and omnichannel features now fully implemented, they are delivering a seamless, connected shopping experience across every touchpoint.

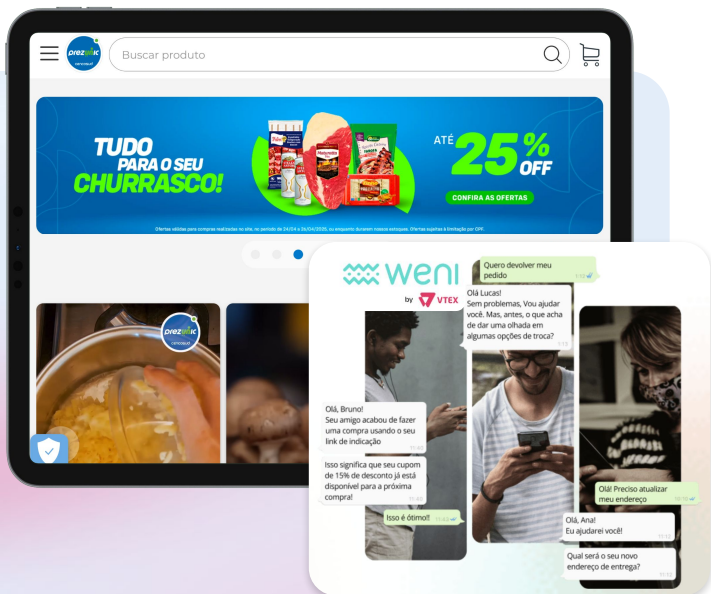


Overview

Geraldo Thomaz Jr.

Cencosud, one of Latin America's largest retail groups, transformed its post-purchase experience in Brazil by implementing **Weni** by VTEX to automate out-of-stock product substitutions via WhatsApp. Initially launched with Prezunic and quickly scaled to Bretas, GBarbosa, and Mercantil, the solution enables real-time customer approvals and delivered a 9% increase in the average order value of impacted orders. By streamlining communication and driving operational efficiency, Cencosud is delivering a smarter, more scalable digital experience across its brands.

I'm also pleased to highlight a significant customer success that demonstrates the versatility and power of our platform. **J.W. Pepper**, one of the leading sheet music retailers in the US, has successfully transformed its digital commerce operations with VTEX. Facing industry-specific challenges such as complex product discovery and event-driven shopping, the company leveraged VTEX's composable architecture and native headless CMS to build tailored experiences for educators and worship leaders. This empowered their business teams to accelerate content updates and reduce reliance on development resources. Rather than a full rebuild, we adopted a strategic approach, retaining critical legacy workflows while modernizing the core commerce journey through targeted integrations and specialized tools for digital licensing, personalization, and complex checkout flows. Today, J.W. Pepper operates on a flexible, scalable platform that supports a diverse customer base and adapts easily to seasonal demand patterns. This case underscores our ability to deliver impactful digital transformation in specialized, high-complexity industries, while preserving business continuity and maximizing ROI.



Overview

Geraldo Thomaz Jr.

Nestlé, one of the world's largest food and beverage companies, drove strong results using VTEX Ads to power Retail Media campaigns across key partner channels. Confronted with limited visibility into retail sales performance, Nestlé turned to VTEX Ads for real-time insights directly from retailer platforms. This data-driven approach enabled rapid campaign optimization and stronger performance across core categories. In its latest major campaign, Nestlé achieved a 16.3% return on ad spend in the chocolate category. Beyond immediate impact, the initiative unlocked valuable strategic insights for future activations. With VTEX Ads, Nestlé streamlined collaboration with retail partners and showcased how real-time data can drive smarter decisions and stronger outcomes in a highly competitive market.

Procarga, a leading distributor and manufacturer of lifting solutions in Mexico, selected VTEX to accelerate its digital transformation. Aiming to enhance the buying experience for B2B distributors and expand into B2C, the company is adopting a dual-channel strategy powered by VTEX. The new solution, built on VTEX's composable architecture, delivers a modern, self-service commerce experience focused on efficiency and scalability. It features custom UX/UI, ERP integrations, and mobile-ready access, ensuring a seamless journey across all channels. This initiative marks a strategic move for Procarga, strengthening customer engagement and driving growth across Mexico's industrial and retail markets.

Now, I'd like to take a moment to express my gratitude to our **1,320 VTEX team members**, whose extraordinary contributions propel us forward as the backbone for connected commerce. I'd also like to thank our valued customers, partners, and investors.

I will now hand the call over to Ricardo.



Financial Update

Ricardo Camatta Sodre

Thank you, Geraldo. Hi everyone, I am pleased to share VTEX's Q1 2025 financial results.

Before diving into the numbers, as a reminder, this is our first quarter reporting under US GAAP. We published a reconciliation presentation in a Form 6-K on April 15, and a comparison of 2023 and 2024 financials under US GAAP is available on our Investor Relations website.

With that said, let's go to our quarterly numbers.

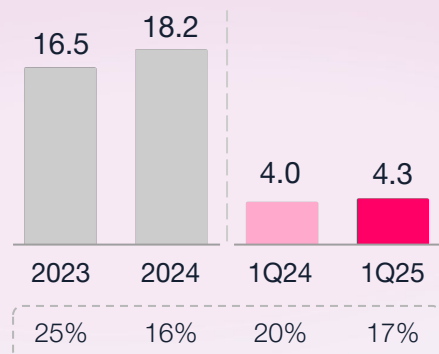
GMV for the quarter reached **\$4.3 billion**, growing **8%** YoY in US dollars, and **17%** on an FX-neutral basis. This led to **subscription revenue** reaching **\$52.6 million**, compared to **\$50.4 million** in Q1 of last year, a **4%** increase in USD, and **15%** on an FX-neutral basis.

Now, moving down the P&L, we are pleased to announce the positive operational leverage achieved, even with the inherently softer seasonality observed in all first quarters.

Our **non-GAAP subscription gross margin** reached **79%** this quarter, up **191 basis points** YoY from **77%** in Q1 2024. This expansion reflects our continued focus on operational efficiency, with the most notable gains coming from customer support optimization efforts. Leveraging AI-powered automation, we were able to improve service quality while significantly reducing support-related costs.

GMV

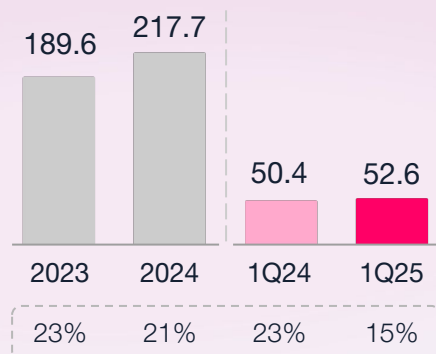
US\$ billions



YoY growth FXN (%)

Subscription Revenue

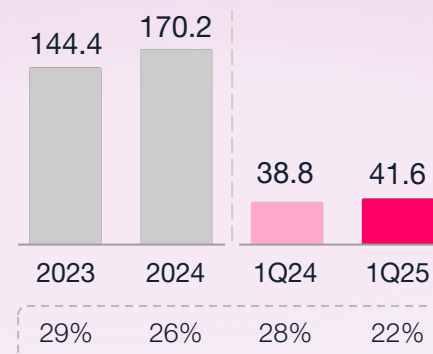
US\$ millions



YoY growth FXN (%)

Subscription Gross Profit

Non-GAAP, US\$ millions



YoY growth FXN (%)

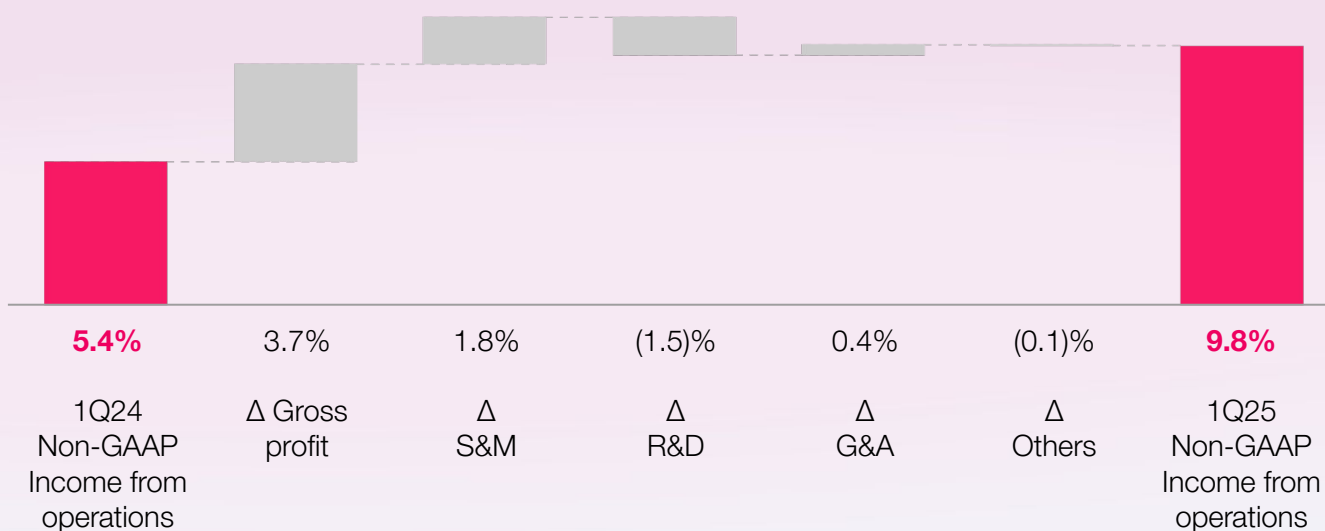
Financial Update

Ricardo Camatta Sodre

Our **total gross margin**, which includes services, rose to **76%**, up **371 basis points** YoY compared to **72%** in Q1 2024. Our total gross margin improvement was mostly driven by: the lower mix of services revenue in our total revenue, as we are relying more on our ecosystem to provide implementation services; and by the subscription gross margin gains I just mentioned.

On the expense side, we maintained strong discipline. **Non-GAAP operating expenses** came in at **\$35.9 million**, slightly up from **\$35.2 million** in the same quarter last year, an increase of less than **2%** YoY. This reflects stable S&M and G&A expenses, while the increase in R&D was strategic, supporting our continued investment in product development and innovation.

This disciplined approach led to a significant improvement in profitability, with **non-GAAP operating income** reaching **US\$5.3 million** in Q1 2025, up from **US\$2.9 million** in Q1 2024, an increase of over **80%** YoY in US dollars. This translates into a **4 percentage points** margin expansion, bringing our **non-GAAP operating income margin** to **10%** for the quarter. These results highlight the strength of our operating model and the consistent evolution of our financial profile.



Financial Update

Ricardo Camatta Sodre

As we evolve in our profitable growth strategy, non-GAAP net income has become an increasingly relevant metric. In Q1 2025, **non-GAAP net income** reached **US\$5.3 million** and **10%** margin, up from **US\$2.4 million** in the same period last year, **more than doubling YoY**, and a **5.2 percentage points** improvement in margin. As mentioned by Geraldo, on a **trailing twelve-month basis**, **non-GAAP net income** totaled **US\$34.5 million**, reflecting the ongoing strengthening of our profitability profile as we continue executing with discipline and scaling efficiently.

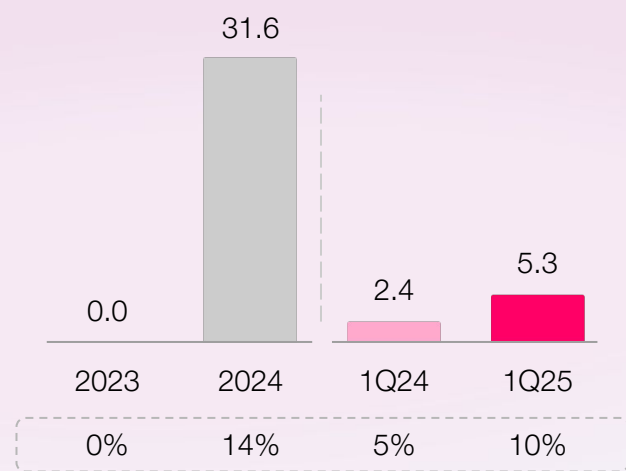
Aligned with our non-GAAP operating income, as of the three months ended March 31, 2025, we had a positive **US\$6.6 million** free cash flow, compared to

US\$1.6 million free cash flow in the same quarter of the prior year, reaching a **free cash flow margin** of **12%** and a **9 percentage points** margin improvement YoY.

In the first quarter of 2025, regarding the one-year **share repurchase program** authorized by our Board of Directors on December 3, 2024, VTEX repurchased a total of **2.7 million Class A common shares** at an average price of **US\$5.56 per share**, representing an aggregate amount of **US\$15.0 million**. Considering the **current and the previous years' share repurchase programs**, the total executed amount reached **15.2 million shares**, with an average price of **US\$4.86 per share** and a total cost of **US\$74.3 million**.

Non-GAAP Net Income

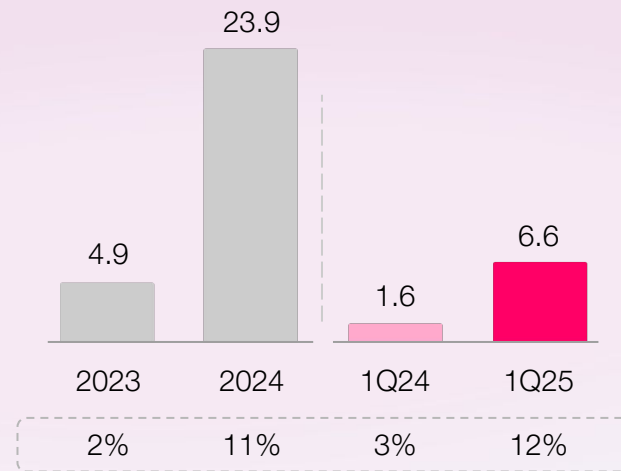
US\$ millions



Non-GAAP Net Income Margin (%)

Free Cash Flow

US\$ millions



Free Cash Flow Margin (%)

Financial Update

Ricardo Camatta Sodre

As we move forward with our business outlook, we continue to navigate a macroeconomic environment marked by volatility in same-store sales and GMV growth, increasing the uncertainty of projections. That said, **we remain confident in VTEX's profitable growth trajectory**. VTEX is well-positioned to capture an attractive market opportunity, and we remain encouraged by our leading market positioning, platform expansion and operational leverage.

Considering this, we are currently **targeting FX neutral YoY subscription revenue** growth of **12.5% to 15.5%** for the second quarter of 2025, implying a US\$57.0 million to US\$58.5 million range.

For the full year 2025, as we continue executing our profitable growth strategy, we **continue to target FX neutral YoY subscription revenue** growth of **14.0% to 17.0%**, implying a range of US\$238 million to US\$244 million based on the average of April FX rate. We are **targeting non-GAAP operating income** and **free cash flow margins** of **mid teens**.

To wrap up, in Q1 we delivered solid subscription revenue growth. As indicated by our guidance, we remain confident in the strength and sustainability of our profitable growth strategy in Q2 and for the full year 2025, supported by key new enterprise customers' go-lives and our ongoing platform expansion.

We will stay focused on disciplined execution, leveraging our strong fundamentals and resilient business model as we continue to gain global traction as the backbone for connected commerce. We remain committed to delivering lasting value for our customers, partners, and shareholders.

With that, let's open it up for questions now. Thank you.



Closing Remarks

Geraldo Thomaz Jr.

Thank you for the great questions.

To close, I want to **reiterate the confidence we have in the trajectory we're building at VTEX.**

We started the year with solid execution, growth, profitability and free cash flow in a seasonally softer quarter. This performance reflects not just short-term wins, but the **strength of the foundation we've laid over the past year, built on discipline, resilience, and a clear strategic direction.**

We're gaining meaningful traction across regions, winning and expanding with enterprise customers who choose VTEX not just for technology, but for outcomes: faster time to market, improved margins, and simpler operations, among many other reasons.

As we continue to evolve from a platform into a comprehensive commerce suite, and lay the groundwork for a future shaped by intelligent automation, we are confident that **VTEX will remain at the forefront of digital commerce transformation.**

We're excited by what's ahead. We'll continue to execute with focus, scale with discipline and purpose, and deliver long-term value for our customers, partners, employees, and shareholders. We are just getting started.

Thank you again for your time and partnership. We look forward to speaking with you on our next earnings call.

Have a great week.

Thank you!



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