Conference Call Transcript

Second Quarter 2026

August 2026

Introduction and Disclaimer
Investor Relations

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

Our senior executives presenting today are Geraldo Thomaz Jr., 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 second quarter 2026 earnings press release available on our investor relations website.

With that, let's start the call. Geraldo, the floor is yours.

Overview
Geraldo Thomaz Jr.

Thank you, Julia. Good afternoon everyone, and thanks for joining us on today's call.

I want to open differently today. We are far enough into our AI-native transformation to see, with real clarity, **how large the opportunity ahead of us is.** The results are not yet translating into the revenue growth trajectory we are building toward. We know that. But **the direction is right, product delivery is advancing well, early customer signals are encouraging, and our financial strength gives us the runway to execute.** We look forward to demonstrating our progress, quarter by quarter.

The macro environment remained challenging in the second quarter: high interest rates and a promotional marketplace environment in Brazil, softer consumer demand in Argentina, and longer enterprise decision cycles all weighed on near-term growth. Ricardo will cover this in detail.

With that context, I want to focus on **what matters most for the medium and long-term trajectory of VTEX: the execution of our four growth drivers – Global Expansion, B2B, Ads, and AI.**

Collectively, these initiatives grew 20% on an FX-neutral basis in Q2, meaningfully faster than the company overall. While they still represent a relatively small portion of our business today, they are becoming an increasingly important part of our growth profile.

The other side of this number is worth stating directly: the remainder of our subscription revenue, concentrated in our established B2C commerce business in Brazil and the rest of Latin America, **declined modestly** in FX-neutral this quarter. We want to be precise about what is happening and what is not happening there. Churn remained stable and in line with historical levels, and win rates in competitive processes held steady. **This is primarily a volume and customer-mix story, not a competitiveness story.** We are not seeing deterioration in retention. Our installed base is transacting less in a weak consumer environment. That distinction matters because volume pressure can ease as the cycle improves.

Going back to our growth drivers, let me take each in turn, in order of their revenue contribution today.

Overview
Geraldo Thomaz Jr.

Starting with Global Expansion: this remains one of the most encouraging parts of our business.

In the US, we are seeing a clear improvement in the quality of the pipeline. Activity has expanded across a broader set of industries, while large B2B opportunities represent an increasing share of expected contract value.

We have also **evolved our go-to-market strategy** to make it more scalable. Rather than relying primarily on direct prospecting, we are increasingly working alongside leading global system integrators such as EY and Accenture. During the quarter, we hosted our first North America SI Bootcamp, bringing together implementation partners to deepen their expertise in our B2B platform, which has already generated new qualified opportunities, reinforcing our confidence that this channel can become an increasingly important source of enterprise demand.

Another important shift is how **AI is influencing enterprise buying decisions.** Today, AI is no longer viewed as an incremental feature. It has become a prerequisite in virtually every RFP, as customers increasingly evaluate platforms based on their ability to support future AI-driven commerce.

This is also shaping **how we position the broader VTEX product suite.** While customers typically prioritize modernizing their core commerce foundation first, the response to our CX Platform during enterprise evaluations has been positive. We are increasingly bundling it into strategic enterprise proposals, creating a natural path to expand customer adoption over time while further differentiating VTEX from traditional commerce vendors.

Europe is following a similar trajectory. We have become increasingly disciplined in how we deploy commercial resources. Rather than pursuing smaller opportunities across every market, we are concentrating our investments where we see stronger enterprise demand and greater long-term expansion opportunities.

The early results are encouraging. **We are increasingly winning large, recognizable enterprise brands** that choose to begin with a single country or region before expanding their operations across additional markets. We believe this land-and-expand motion plays directly to the strengths of our platform and creates long-term value.

We are also pleased to announce the renewal of our long-term partnership with **OBI**, our first customer in Germany. Beyond expanding into additional countries over the years, OBI has become an important reference customer in the region, helping establish our credibility with other large enterprises and opening new commercial opportunities. It is a strong example of how our relationships continue to deepen over time as customers expand their business on the VTEX Commerce Platform.

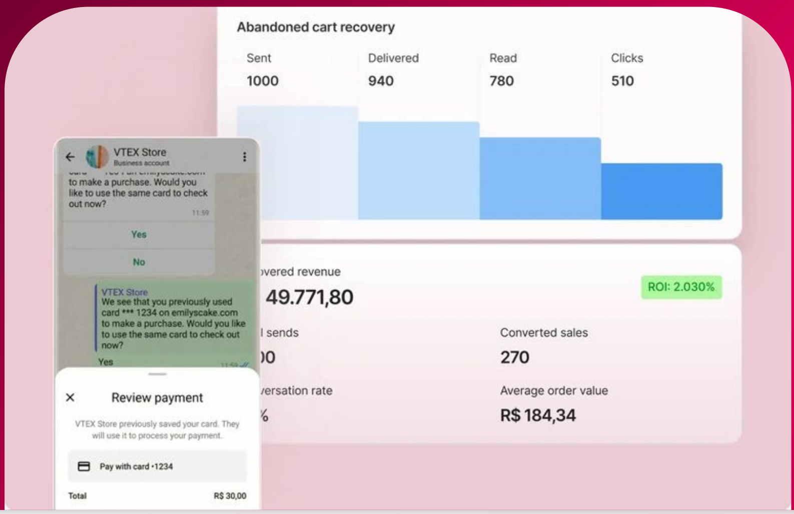
Taken together, our international strategy is advancing. **We continue to improve the quality of our pipeline, compete successfully against global incumbents, and build a growing base of enterprise customers that can expand with us for many years to come.**

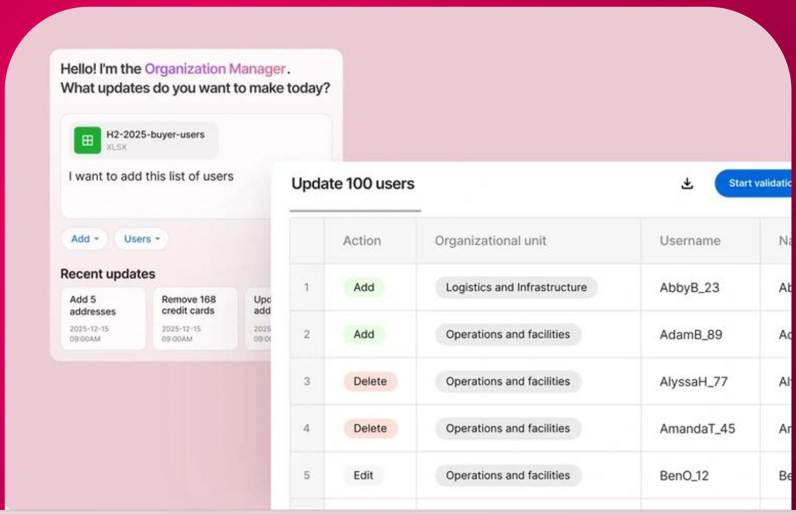
Overview
Geraldo Thomaz Jr.

B2B remains one of our most durable sources of growth. The foundation of our B2B strategy is a philosophy we have come to describe as **channel-agnostic digitalization**. B2B buyers are not a homogeneous group: a carpenter ordering building materials wants to send a WhatsApp audio message; a procurement manager at a large distributor wants a self-service portal; a field sales rep wants to generate a quote on a mobile device while standing in front of a client. Our platform processes all of these inputs natively, without forcing buyers or sellers into a workflow that does not fit how they actually operate. **This is the core reason we win in complex B2B environments, and it is increasingly the first thing prospects mention when they choose VTEX over alternatives.**

Looking ahead, we want to be direct with investors about where we are investing and why. We have built what we believe is **the strongest B2B self-service commerce platform in our markets.** The gap we are actively closing is on the tools that give field sales reps, managers, and account teams the real-time visibility and AI-assisted intelligence they need to work more effectively. Our objective is to offer the best solution in the market for those agents, one where a rep can see which clients are active, which have lapsed, which logged into the portal without converting, and which accounts represent the highest-probability opportunity on any given day. **Combined with our CX Platform and our self-service capabilities, this will give VTEX a unified, AI-native stack that covers the full B2B commercial workflow from the first buyer interaction to the closed order.**

On top of strong demand for B2B digitalization across global markets, recent customer activity in Brazil and Latin America reflects the breadth of this opportunity. Whirlpool's B2B expansion in Brazil and Electrolux's launch in Chile demonstrate how our existing enterprise relationships convert into B2B growth across geographies.





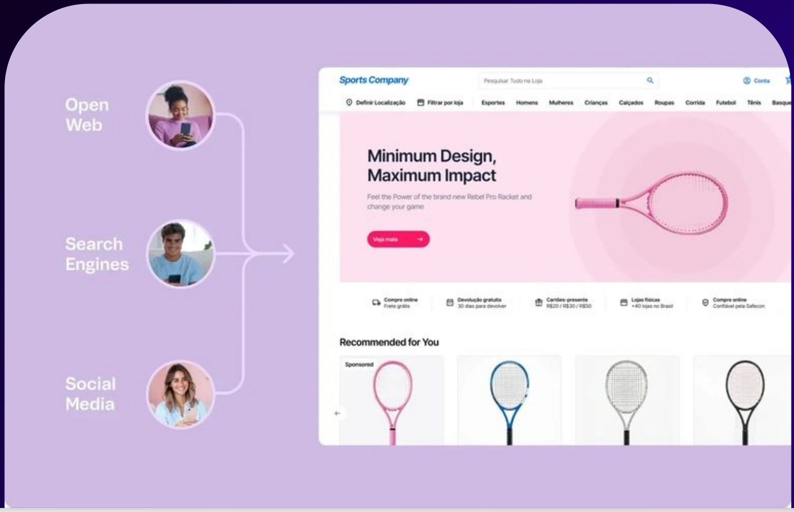
Overview
Geraldo Thomaz Jr.

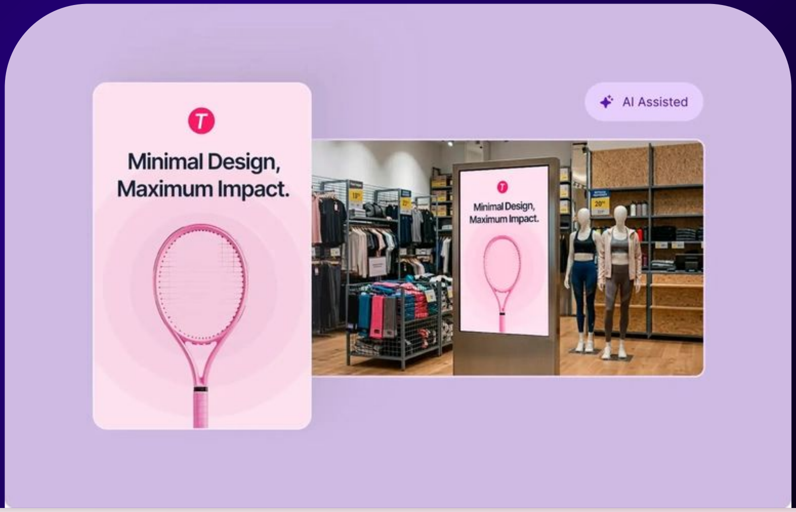
Moving to the **VTEX Ads Platform**. We continued building strong momentum during the second quarter.

On the product side, we continued expanding our Ads Platform with AI-driven campaign creation, automated budget management, improved attribution, and AI-generated creative assets, bringing VTEX Ads Platform closer to the capabilities expected from the world's leading retail media platforms.

Commercially, we expanded our international sales presence, established active relationships with leading global agency groups such as WPP, Publicis and Omnicom, and strengthened our ecosystem through partnerships including Magnite, among others. Together, these initiatives expand both advertiser demand and available inventory as we continue building a differentiated omnichannel retail media network.

We are also seeing encouraging demand from **new verticals.** Prescription portals and health platforms, in particular, are generating strong interest from pharmaceutical advertisers. This vertical creates a differentiated inventory opportunity that does not exist on generalist retail media networks.





Overview
Geraldo Thomaz Jr.

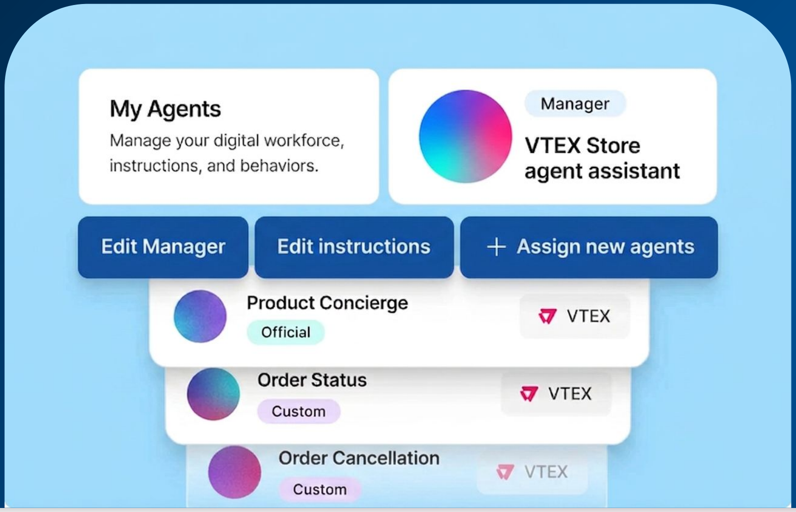
Our fourth growth driver is AI, which today runs on two fronts: the **VTEX CX Platform**, already a revenue contributor, and the **AI Workspace**, which points to where the entire platform is going.

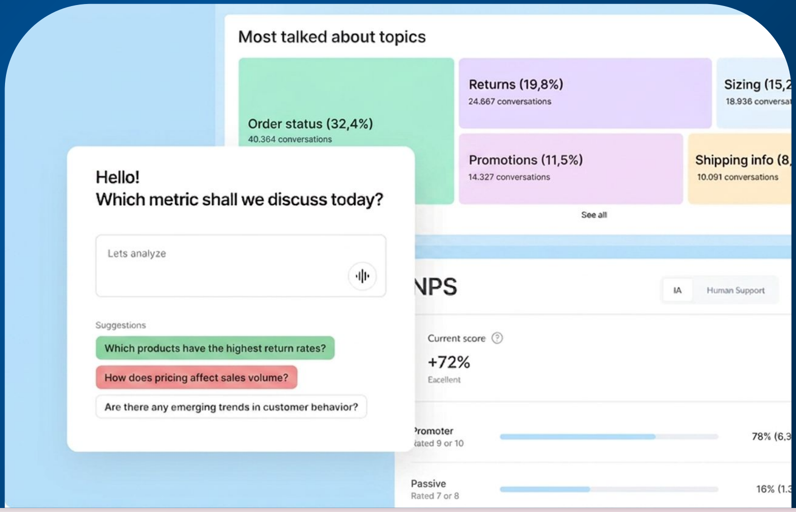
Starting with our CX Platform: the second quarter demonstrated not only strong product momentum but also a business model that is scaling efficiently.

Since VTEX Day, the VTEX CX Platform has recorded more than 200 trial activations through our trial-led go-to-market strategy. The results have been compelling: **average sales cycles** for the solution have declined by more than 50%, from approximately 90 days to roughly 40, while **implementation time** has been reduced from 30 days to one week. These are structural improvements that directly reflect the advantage of native integration with the core commerce platform.

On top of this, the VTEX CX Platform's operational performance continues to improve. Our AI agents are sustaining **conversation containment rates above 92%** and **problem resolution rates above 80%**, while directly influencing GMV through payment recovery, abandoned cart rescue, and cross-selling. While still early, these results provide encouraging evidence of the platform's value generation for our customers.

The VTEX CX Platform also continues to expand beyond its initial use cases and our installed base. During the quarter, we introduced our first integrated B2B agents, increased adoption through the web channel, expanded across Mexico and the broader region, signed our first European customer, and continued winning standalone deployments.





Overview
Geraldo Thomaz Jr.

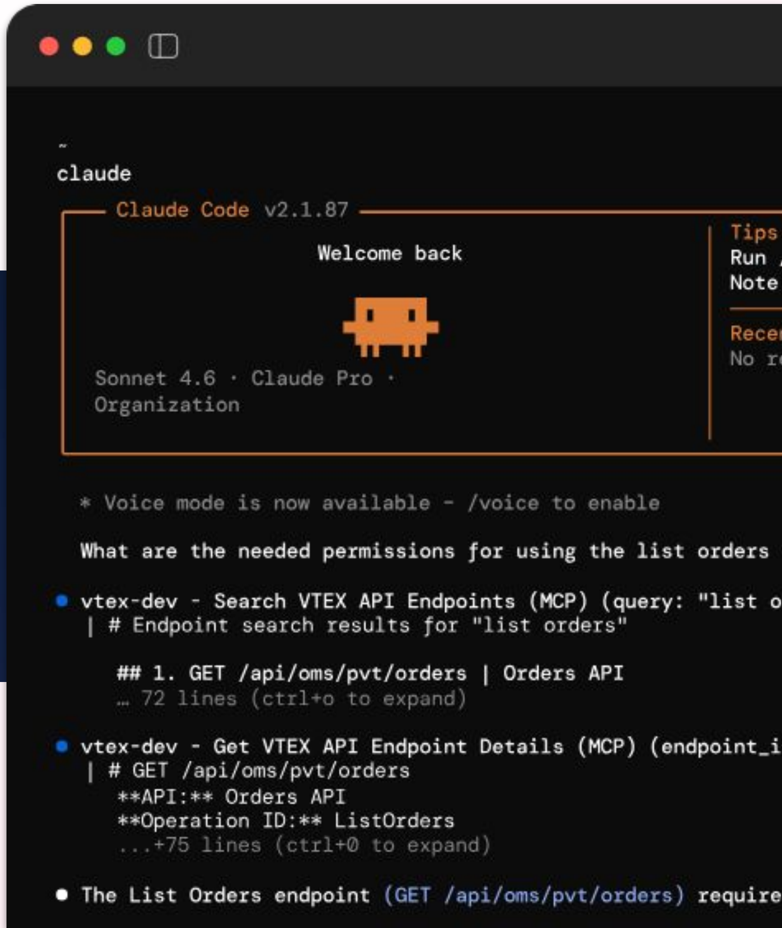
Turning to the second front: the AI Workspace. Since introducing AI Workspace and our first Pioneer Agents at VTEX Day, we have expanded the platform with new capabilities across merchandising, content, fulfillment, and commercial analytics. These include My Assistant, our orchestration layer that coordinates multiple AI agents through a single interface, allowing teams to execute business objectives through natural language instead of manual configuration.

Our vision remains clear: we are not building isolated AI features. **We are building the AI-native commerce suite.**

We now have more than **100** enterprise customers on the **AI Workspace waitlist**, but we intentionally began with a small group through our Pioneer Program. Our product and engineering teams are working alongside these customers to maximize operational value and help shape the next generation of the platform. We are not yet reporting operational or financial contribution from AI Workspace, but the foundation we are building today gives us confidence that adoption will be durable and scalable over time.

Our ecosystem is also embracing the AI journey. We've seen adoption of our **AI Developer Toolkit**, which enables AI coding assistants like Claude, OpenAI Codex, and Cursor to **build natively on VTEX**. The early response has been encouraging, and we believe it can help reduce implementation times, accelerate time-to-value, and increase partner productivity.

Across the business, as listed in our earnings release, we continued adding new enterprise customers while deepening relationships with existing ones across each of our four growth drivers. Importantly, we are seeing encouraging suite-adoption momentum: Angeloni and FastShop expanded their relationships with VTEX to include our CX Platform, while Whirlpool and Olímpica expanded theirs to include our Ads Platform.



VTEX

Overview
Geraldo Thomaz Jr.

Before I hand the call over to Ricardo, **I want to thank every VTEXer**. Building the next generation of enterprise commerce while maintaining financial discipline requires extraordinary focus, commitment, and execution across the entire company. I also want to thank our customers, partners, and investors for their continued trust.

We are building something genuinely new in enterprise commerce. The architecture is sound, the product execution is on track, and we remain confident that the compounding effects of this work will become increasingly visible as we move forward.

Ricardo, over to you.

Financial Update
Ricardo Camatta Sodre

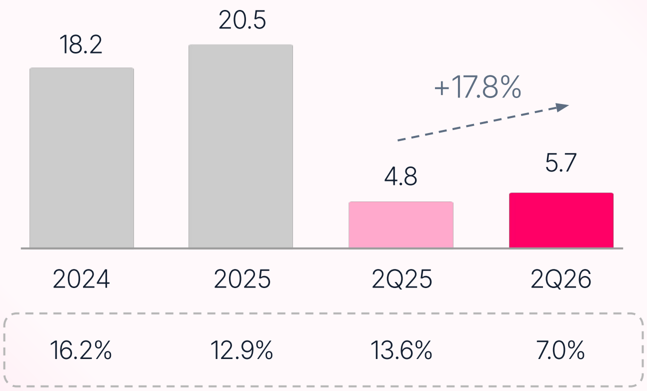
Thank you, Geraldo. Hello everyone, it's a pleasure to be back here with you for another quarterly update.

I will now walk you through our financial performance for the second quarter of 2026. **Subscription revenue came in just above the bottom of our guidance** range and below our internal expectations, driven by a challenging consumption environment in Brazil and Argentina and a customer mix that continued to skew toward larger accounts. Against that, our profitability and cash flow performance were strong, with margins continuing to expand meaningfully year over year. That separation – softer revenue, stronger margins – reflects **structural progress in cost discipline that we believe is durable, even as we work to reaccelerate growth.**

In Q2 2026, **GMV** reached **US$5.7 billion**, representing year-over-year growth of **18% in U.S. dollars** and **7% on an FX-neutral basis**, broadly stable versus the 6.8% FX-neutral growth we reported in Q1, despite the softer consumer backdrop.

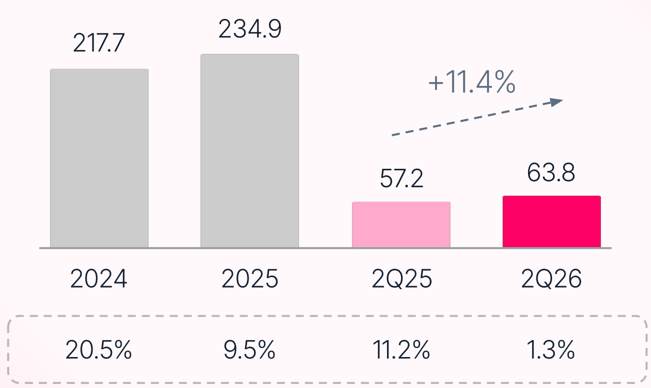
Subscription revenue reached **US$63.8 million**, growing **11% in U.S. dollars** and **1.3% on an FX-neutral basis**. The gap between GMV and subscription revenue growth was driven by mix. GMV growth was increasingly concentrated among our largest customers, while smaller and mid-sized customers were more affected by the weaker consumption environment in Brazil. And the same shift toward larger accounts, which carry lower take rates at similar gross margins and lower churn rates, translated into a more limited contribution to subscription revenue growth. **In other words: volume held up better than its conversion into revenue, a mix effect, not an erosion of unit economics.**

GMV
US$ billions



YoY growth FX neutral (%)

Subscription Revenue
US$ millions



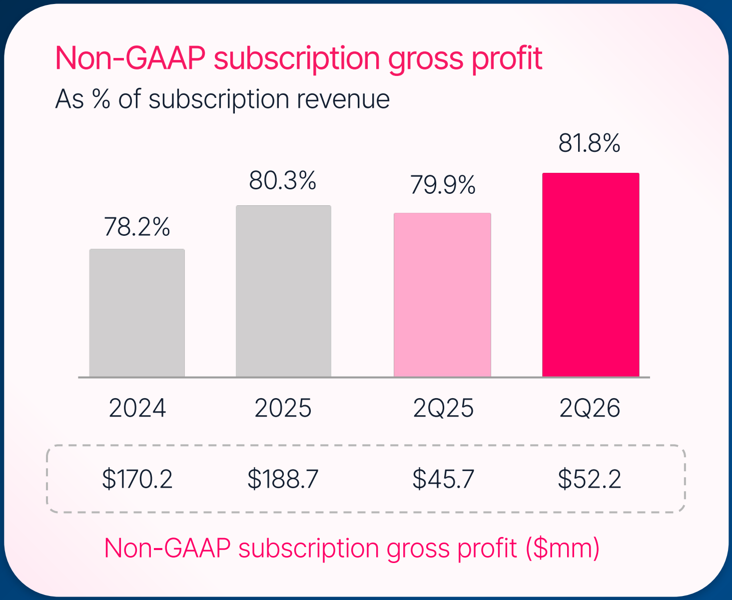
YoY growth FX neutral (%)

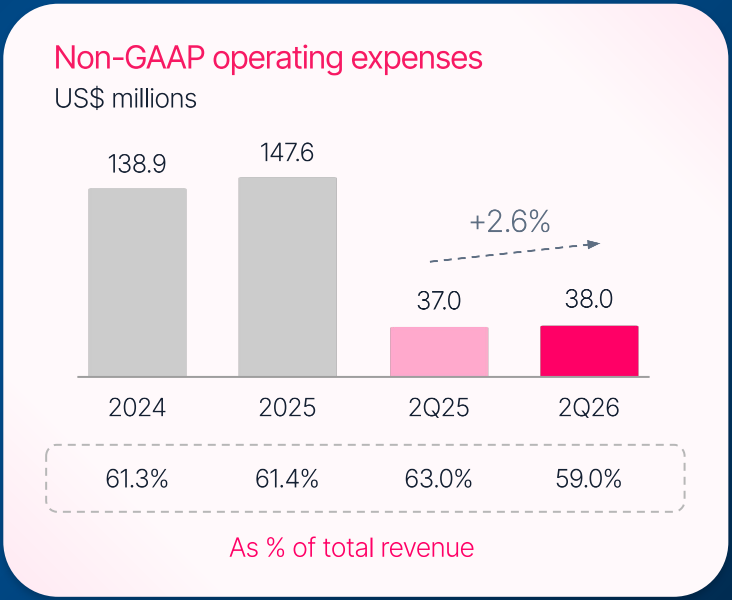
Financial Update
Ricardo Camatta Sodre

Our **non-GAAP subscription gross margin** reached **81.8%**, an **improvement of approximately 2 percentage points** year over year, continuing to benefit from structural gains in AI-powered customer support automation and disciplined cost management.

Total non-GAAP gross margin, including services, reached **80.4%**, compared to 77.4% in Q2 2025, representing an **improvement of 3 percentage points year over year.** The continued de-emphasis of lower-margin services, as our global partner ecosystem assumes a greater share of complex implementations, continues to be a tailwind to overall gross margin.

Total non-GAAP operating expenses in the second quarter were **US$38.0 million**, broadly flat sequentially and growing well below revenue year-over-year, with headcount declining nearly 4% sequentially. As in prior quarters, we maintained discipline across Sales & Marketing and G&A while continuing to direct incremental investment into R&D, where our focus remains on accelerating the AI-native transformation, expanding our agent ecosystem, and deepening the capabilities of our B2B, Ads and CX platforms.





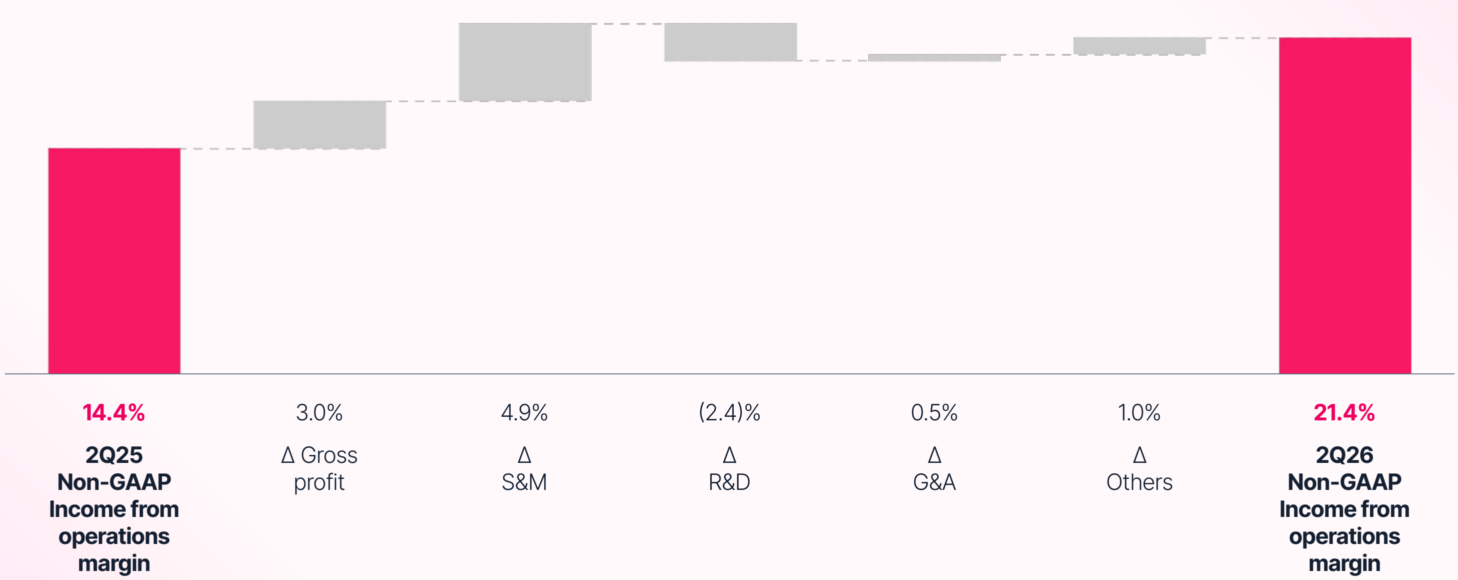
Financial Update
Ricardo Camatta Sodre

Non-GAAP income from operations reached **US$13.8 million**, growing 62% year-over-year and with a **margin of 21.4%**, representing approximately **7 percentage points of expansion** versus the same quarter of last year.

Free cash flow for the quarter was **US$12.7 million**, growing 79% year-over-year and representing a free cash flow **margin of 19.8%**.

We continued to execute against our share repurchase program. During the second quarter, we **repurchased 6.2 million** Class A common shares at an average price of **US$3.76 per share** for a total cost of **US$23.2 million**.

At this average price, the shares were repurchased at an implied double-digit free cash flow yield on enterprise value, compared with the mid-single-digit after-tax interest yield earned on our cash. Following the shares' cancellation, **the repurchases are immediately accretive to free cash flow per share**.



Financial Update
Ricardo Camatta Sodre

Consistent with Geraldo's discussion, our four Growth Drivers — Global Expansion, B2B, Ads, and AI — **represented approximately 18% of subscription revenue** and **grew 20% on an FX-neutral basis** in the second quarter. The remainder of the portfolio declined modestly in FX-neutral, with churn and competitive win rates remaining stable, reinforcing that this is a volume and monetization pressure, not a competitive pressure.

Looking forward, our updated outlook reflects weaker consumption trends in Brazil in June and July and the continued customer-mix shift toward larger enterprise accounts. It assumes a modest improvement in FX-neutral subscription revenue growth in the fourth quarter, supported by less demanding year-over-year comparisons and an increasing contribution from our growth drivers.

For the **third quarter of 2026**, we are targeting:

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

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

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

Assuming FX rates remain broadly consistent with July's average rates, the FX-neutral growth guidance outlined above would translate into higher reported USD subscription revenue growth, adding approximately **7.0** percentage points in the third quarter and **8.1** percentage points for the full year 2026.

In summary: revenue came in **just above the bottom of our guidance range**, driven by a challenging consumption environment and the near-term revenue impact of our deliberate shift toward larger enterprise customers. **What the quarter also tells us is that our profitability engine is working:** non-GAAP operating income grew 62% year over year, total gross margins expanded 300 basis points, and free cash flow grew 79%. **Our cost structure is disciplined, our balance sheet is strong, and our growth drivers continue to outperform the consolidated business.** We will remain focused on translating that foundation into revenue reacceleration.

Closing Remarks
Geraldo Thomaz Jr.

Before we conclude, I want to leave you with one thought. **The AI Workspace, the CX Platform, the Ads Platform, B2B, and Global Expansion are not independent bets.** They are expressions of a single thesis: that **the enterprise commerce platform of the future** will be AI-native, outcome-based, and capable of operating across every channel, geography, and business model our customers need.

We remain clear-eyed about the near term. The macro environment in Brazil has not resolved, and we are not projecting a quick snapback. But our Growth Drivers continue to outperform, and our financial discipline allows us to continue investing.

We have demonstrated the discipline. Our next task is to translate this product and commercial progress into sustained growth.

To our employees, customers, partners, and investors, thank you for your continued trust. **We believe the best of what we are building is still ahead,** and we look forward to updating you next quarter.

VTEX

Thank you!

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