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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

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**FORM 10-Q**

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**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2024

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-41454

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**GIGACLOUD TECHNOLOGY INC**

(Exact Name of Registrant as Specified in its Charter)

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Cayman Islands

00-000000

(State or Other Jurisdiction of Incorporation or Organization)

(I.R.S. Employer Identification No.)

4388 Shirley Avenue, El Monte, CA, 91731, United States

(Address of principal executive offices, including zip code)

1-626-912-8886

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Class A ordinary shares, par value \$0.05 per share	GCT	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

The number of outstanding shares of the issuer's ordinary shares as of October 31, 2024 was 40,971,655, consisting of 32,894,923 Class A ordinary shares, par value \$0.05 per share, issued and outstanding (which had excluded an aggregate of 46,023 Class A ordinary shares issued and reserved for future allocation upon exercise or vesting of awards granted under our share incentive plans; and 618,781 Class A ordinary shares issued and repurchased but not yet cancelled) and 8,076,732 Class B ordinary shares, par value \$0.05 per share, issued and outstanding.

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**GIGACLOUD TECHNOLOGY INC**  
**FORM 10-Q — QUARTERLY REPORT**  
**For the Quarterly Period Ended September 30, 2024**

**TABLE OF CONTENTS**

<b><u>PART I FINANCIAL INFORMATION</u></b>		5
Item 1.	<a href="#">Financial Statements</a>	5
	<a href="#">Condensed Consolidated Balance Sheets as of December 31, 2023 and September 30, 2024</a>	5
	<a href="#">Condensed Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended September 30, 2023 and 2024</a>	8
	<a href="#">Condensed Consolidated Statements of Changes In Shareholders' Equity for the Three and Nine Months Ended September 30, 2023 and 2024</a>	9
	<a href="#">Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2023 and 2024</a>	11
	<a href="#">Notes to the Condensed Consolidated Financial Statements</a>	13
Item 2.	<a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	27
Item 3.	<a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>	50
Item 4.	<a href="#">Controls and Procedures</a>	50
<b><u>PART II OTHER INFORMATION</u></b>		51
Item 1.	<a href="#">Legal Proceedings</a>	51
Item 1A.	<a href="#">Risk Factors</a>	51
Item 2.	<a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>	52
Item 3.	<a href="#">Defaults Upon Senior Securities</a>	52
Item 4.	<a href="#">Mine Safety Disclosures</a>	52
Item 5.	<a href="#">Other Information</a>	52
Item 6.	<a href="#">Exhibits</a>	53
	<a href="#">Signatures</a>	54

## INTRODUCTION

### Conventions that Apply to this Quarterly Report

Throughout this quarterly report, we use a number of terms which are defined as follows:

- “**3P seller GigaCloud Marketplace GMV**”: the total gross merchandise value of transactions sold through our GigaCloud Marketplace by 3P sellers, before any deductions of value added tax, goods and services tax, shipping charges paid by buyers to sellers and any refunds;
- “**Active 3P sellers**”: sellers who have sold a product in GigaCloud Marketplace within the last 12-month period, irrespective of cancellations or returns;
- “**Active buyers**”: buyers who have purchased a product in the GigaCloud Marketplace within the last 12-month period, irrespective of cancellations or returns;
- “**Cayman Islands holding company**”: GigaCloud Technology Inc, our Cayman Islands holding company and its predecessor entity;
- “**China**” and the “**PRC**”: the People’s Republic of China; “**mainland China**”: the People’s Republic of China excluding, for the purposes of this quarterly report only, Taiwan, the Hong Kong Special Administrative Region and the Macao Special Administrative Region; in this quarterly report, any PRC laws, rules, regulations, statutes, notices, circulars and judicial interpretation or the like refer to those currently in force, published for comments (if specifically stated) or being promulgated but have not come into effect (if specifically stated) and publicly available in mainland China as of the date of this quarterly report.
- “**Class A ordinary shares**” or “**our Class A ordinary shares**”: the Class A ordinary shares, par value \$0.05 per share, of GigaCloud Technology Inc;
- “**Class B ordinary shares**” or “**our Class B ordinary shares**”: the Class B ordinary shares, par value \$0.05 per share, of GigaCloud Technology Inc;
- “**Fulfillment centers**”: our warehouses that are strategically located, designed and equipped to manage inventory and to fulfill customer orders and other needs;
- “**GigaCloud Marketplace GMV**”: the total gross merchandise value of transactions ordered through our GigaCloud Marketplace including GigaCloud 3P and GigaCloud 1P, before any deductions of value added tax, goods and services tax, shipping charges paid by buyers to sellers and any refunds;
- “**GMV**”: the total gross merchandise value of transactions;
- “**HK\$**” the legal currency of Hong Kong;
- “**Hong Kong**”: Hong Kong Special Administrative Region of the People’s Republic of China;
- “**Hong Kong Subsidiary**”: GigaCloud Technology (HongKong) Limited, a wholly-owned subsidiary of GigaCloud Technology Inc in Hong Kong principally for operating the B2B GigaCloud Marketplace;
- “**off-platform ecommerce**”: the sale of our own inventory to and through third-party ecommerce platforms;
- “**PRC Subsidiaries**”: the operating subsidiaries of GigaCloud Technology Inc in mainland China principally for procurement and providing inter-group services to the group companies;
- “**RMB**” and “**Renminbi**”: the legal currency of China;
- “**shares**,” “**our shares**” “**ordinary shares**” or “**our ordinary shares**”: our Class A ordinary shares and Class B ordinary shares, par value \$0.05 per share;
- “**SKU**”: the stock keeping unit for our inventory;
- “**Spend per active buyer**”: the spend per active buyer that is calculated by dividing the total GigaCloud Marketplace GMV within the last 12-month period by the number of active buyers as of such date;
- “**US\$**,” “**\$**” and “**U.S. dollars**”: the legal currency of the United States, or the U.S.;
- “**VIEs**”: our former variable interest entities that entered into account control agreements with GigaCloud Technology Inc; and

## [Table of Contents](#)

- “we,” “us,” “our company,” “the Company,” “our,” “our group” or “GigaCloud Group” refer to GigaCloud Technology Inc, our Cayman Islands holding company, its predecessor entity, together as a group with its subsidiaries.

We have made rounding adjustments to reach some of the figures included in this quarterly report. Consequently, numerical figures shown as totals in some tables may not be arithmetic aggregations of the figures that precede them.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report contains forward-looking statements about our current expectations and views of future events. These forward-looking statements relate to events that involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from those expressed or implied by these statements.

You can identify some of these forward-looking statements by words or phrases such as “may,” “will,” “could,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “is/are likely to,” “propose,” “potential,” “continue” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. The forward-looking statements included in this quarterly report relate to, among other things:

- our goals;
- our business and operating strategies and plans for the development of existing and new businesses, ability to implement such strategies and plans and expected time;
- our ability to realize the expected benefits of our acquisitions;
- our expectation regarding the prospects of our business model;
- our future business development, financial condition and results of operations;
- expected changes in our revenues, costs or expenditures;
- our dividend policy;
- our expectations regarding the effectiveness of our marketing initiatives and the demand for and market acceptance of our products and services;
- our expectations regarding our relationships with customers and business partners;
- the trends in, expected growth in and market size of our industry globally;
- our ability to maintain and enhance our market position;
- our ability to continue to develop new technologies and/or upgrade our existing technologies;
- developments in, or changes to, laws, regulations, governmental policies, incentives and taxation affecting our operations, in particular in the markets we are in;
- relevant governmental policies and regulations relating to our businesses and industry;
- competitive environment, competitive landscape and potential competitor behavior in our industry; overall industry outlook in our industry;
- our ability to attract, train and retain executives and other employees;
- our proposed use of proceeds from any of our future offerings;
- the development of the global financial and capital markets;
- fluctuations in inflation, interest rates and exchange rates;
- the impact of the COVID-19 pandemic, or other pandemics or epidemics, to our business operations and the economy in the U.S. and elsewhere generally;
- general business, political, social and economic conditions in the U.S. and other markets we have business; and
- assumptions underlying or related to any of the foregoing.

These forward-looking statements involve various risks and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our actual results could be materially different from our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are generally set forth in “Summary of Risk Factors,” “Item 1A. Risk Factors,” “Item 1. Business,” “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operation” in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the U.S. Securities and Exchange Commission, or the SEC, on March 27, 2024, or the 2023 Form 10-K, and other sections in this quarterly report. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. You should read thoroughly this quarterly report and the documents that we refer to with the understanding that our actual future results may be materially different from and worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements.

This quarterly report may contain information derived from various government and private publications. These publications include forward-looking statements, which are subject to risks, uncertainties and assumptions. Although we believe the data and information to be reliable, we have not independently verified the accuracy or completeness of the data and information contained in these publications. Statistical data in these publications also include projections based on a number of assumptions. Our industry may not grow at the rate projected by market data, or at all. Failure of the market to grow at the projected rate may have a material and adverse effect on our business and the market price of our Class A ordinary shares. In addition, projections or estimates about our business and financial prospects involve significant risks and uncertainties. Furthermore, if any one or more of the assumptions underlying the market data are later found to be incorrect, actual results may differ from the projections based on these assumptions. See “Item 1A. Risk Factors—Risks Related to Our Class A Ordinary Shares—This annual report may contain certain industry data and information that were obtained from third-party sources and were not independently verified by us” in the 2023 Form 10-K. Therefore, you should not place undue reliance on these statements.

You should not rely upon forward-looking statements as predictions of future events. The forward-looking statements in this quarterly report are made based on events and information as of the date of this quarterly report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this quarterly report and the documents that we refer to in this quarterly report and have filed as exhibits to this quarterly report, completely and with the understanding that our actual future results or performance may materially differ from what we expect.

## PART I—FINANCIAL INFORMATION

## Item 1. Financial Statements.

GigaCloud Technology Inc  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands except for share data and per share data)  
(unaudited)

	December 31, 2023	September 30, 2024
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 183,283	\$ 217,581
Restricted cash	885	746
Investments	—	42,170
Accounts receivable, net	58,876	62,549
Inventories	132,247	183,322
Prepayments and other current assets	17,516	21,354
<b>Total current assets</b>	<b>392,807</b>	<b>527,722</b>
<b>Non-current assets</b>		
Operating lease right-of-use assets	398,922	476,027
Property and equipment, net	24,614	29,010
Intangible assets, net	8,367	6,739
Goodwill	12,586	12,586
Deferred tax assets	1,440	8,325
Other non-current assets	8,173	12,934
<b>Total non-current assets</b>	<b>454,102</b>	<b>545,621</b>
<b>Total assets</b>	<b>\$ 846,909</b>	<b>\$ 1,073,343</b>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.



**GigaCloud Technology Inc**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands except for share data and per share data)  
(unaudited)

	December 31, 2023	September 30, 2024
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable (including accounts payable of VIEs without recourse to the Company of \$11,563 and nil as of December 31, 2023 and September 30, 2024, respectively)	\$ 69,757	\$ 66,745
Contract liabilities (including contract liabilities of VIEs without recourse to the Company of \$736 and nil as of December 31, 2023 and September 30, 2024, respectively)	5,537	5,331
Current operating lease liabilities (including current operating lease liabilities of VIEs without recourse to the Company of \$1,305 and nil as of December 31, 2023 and September 30, 2024, respectively)	57,949	84,865
Income tax payable (including income tax payable of VIEs without recourse to the Company of \$3,644 and nil as of December 31, 2023 and September 30, 2024, respectively)	15,212	20,805
Accrued expenses and other current liabilities (including accrued expenses and other current liabilities of VIEs without recourse to the Company of \$2,774 and nil as of December 31, 2023 and September 30, 2024, respectively)	57,319	69,586
<b>Total current liabilities</b>	<b>205,774</b>	<b>247,332</b>
<b>Non-current liabilities</b>		
Operating lease liabilities, non-current (including operating lease liabilities, non-current of VIEs without recourse to the Company of \$553 and nil as of December 31, 2023 and September 30, 2024, respectively)	343,511	418,915
Deferred tax liabilities	3,795	2,714
Finance lease obligations, non-current	111	470
Non-current income tax payable	3,302	3,525
<b>Total non-current liabilities</b>	<b>350,719</b>	<b>425,624</b>
<b>Total liabilities</b>	<b>\$ 556,493</b>	<b>\$ 672,956</b>
<b>Commitments and contingencies</b>	<b>\$ —</b>	<b>\$ —</b>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**GigaCloud Technology Inc**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(In thousands except for share data and per share data)**  
**(unaudited)**

	<b>December 31, 2023</b>	<b>September 30, 2024</b>
<b>Shareholders' equity</b>		
Treasury shares, at cost (294,029 and 261,224 shares held as of December 31, 2023 and September 30, 2024, respectively)	\$ (1,594)	\$ (1,594)
Class A ordinary shares (\$0.05 par value, 50,673,268 shares authorized, 31,738,632 and 33,559,727 shares issued as of December 31, 2023 and September 30, 2024, respectively, 31,455,148 and 33,298,503 shares outstanding as of December 31, 2023 and September 30, 2024, respectively)	1,584	1,677
Class B ordinary shares (\$0.05 par value, 9,326,732 shares authorized, 9,326,732 and 8,076,732 shares issued and outstanding as of December 31, 2023 and September 30, 2024, respectively)	466	403
Additional paid-in capital	111,736	127,360
Accumulated other comprehensive income (loss)	526	(6)
Retained earnings	177,698	272,547
<b>Total shareholders' equity</b>	<b>290,416</b>	<b>400,387</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 846,909</b>	<b>\$ 1,073,343</b>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**GigaCloud Technology Inc**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In thousands except for share data and per share data)  
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2024	2023	2024
<b>Revenues</b>				
Service revenues	\$ 51,474	\$ 100,373	\$ 129,848	\$ 253,166
Product revenues	126,693	202,943	329,246	612,094
<b>Total revenues</b>	<b>178,167</b>	<b>303,316</b>	<b>459,094</b>	<b>865,260</b>
<b>Cost of revenues</b>				
Services	40,375	78,292	103,924	206,763
Product sales	88,934	147,773	236,374	438,251
<b>Total cost of revenues</b>	<b>129,309</b>	<b>226,065</b>	<b>340,298</b>	<b>645,014</b>
<b>Gross profit</b>	<b>48,858</b>	<b>77,251</b>	<b>118,796</b>	<b>220,246</b>
<b>Operating expenses</b>				
Selling and marketing expenses	10,951	18,605	27,382	52,645
General and administrative expenses	5,831	15,296	16,878	56,965
Research and development expenses	377	2,582	1,581	7,435
Losses on disposal of property and equipment	—	45	—	213
<b>Total operating expenses</b>	<b>17,159</b>	<b>36,528</b>	<b>45,841</b>	<b>117,258</b>
<b>Operating income</b>	<b>31,699</b>	<b>40,723</b>	<b>72,955</b>	<b>102,988</b>
Interest expense	(215)	(87)	(1,132)	(227)
Interest income	937	2,703	2,011	6,556
Foreign currency exchange gains (losses), net	(2,723)	3,337	(2,153)	(479)
Government grants	78	21	473	29
Others, net	15	1,177	(7)	1,361
<b>Income before income taxes</b>	<b>29,791</b>	<b>47,874</b>	<b>72,147</b>	<b>110,228</b>
Income tax expense	(5,589)	(7,189)	(13,614)	(15,379)
<b>Net income</b>	<b>\$ 24,202</b>	<b>\$ 40,685</b>	<b>\$ 58,533</b>	<b>\$ 94,849</b>
<b>Net income attributable to ordinary shareholders</b>	<b>24,202</b>	<b>40,685</b>	<b>58,533</b>	<b>94,849</b>
Foreign currency translation adjustment, net of nil income taxes	(9)	(173)	(510)	(551)
Net unrealized gains on available-for-sale investments	—	17	—	19
<b>Total other comprehensive loss</b>	<b>(9)</b>	<b>(156)</b>	<b>(510)</b>	<b>(532)</b>
<b>Comprehensive Income</b>	<b>\$ 24,193</b>	<b>\$ 40,529</b>	<b>\$ 58,023</b>	<b>\$ 94,317</b>
<b>Net income per ordinary share</b>				
—Basic	\$ 0.59	\$ 0.98	\$ 1.43	\$ 2.30
—Diluted	\$ 0.59	\$ 0.98	\$ 1.43	\$ 2.30
<b>Weighted average number of ordinary shares outstanding used in computing net income per ordinary share</b>				
—Basic	40,769,219	41,364,886	40,794,241	41,150,372
—Diluted	40,878,759	41,395,001	40,881,065	41,258,416

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**GigaCloud Technology Inc**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(In thousands except for share data)  
(unaudited)

	Class A ordinary shares		Class B ordinary shares		Treasury Shares		Subscription receivable from ordinary shares	Additional paid-in capital	Accumulated other comprehensive income	Retained earnings	Total shareholders' equity
	Number of ordinary shares		Number of ordinary shares		Number of ordinary shares						
<b>Balance as of January 1, 2023</b>	<b>31,357,814</b>	<b>\$ 1,568</b>	<b>9,326,732</b>	<b>\$ 466</b>	<b>4,624,039</b>	<b>\$ (231)</b>	<b>\$ (81)</b>	<b>\$ 109,049</b>	<b>\$ 804</b>	<b>\$ 83,590</b>	<b>\$ 195,165</b>
Net income	—	—	—	—	—	—	—	—	—	58,533	58,533
Share-based compensation	284,404	14	—	—	(4,611,421)	230	81	2,279	—	—	2,604
Shares repurchase	(215,201)	—	—	—	215,201	(1,594)	—	—	—	—	(1,594)
Foreign currency translation adjustment, net of nil income taxes	—	—	—	—	—	—	—	—	(510)	—	(510)
<b>Balance as of September 30, 2023</b>	<b>31,427,017</b>	<b>\$ 1,582</b>	<b>9,326,732</b>	<b>\$ 466</b>	<b>227,819</b>	<b>\$ (1,595)</b>	<b>\$ —</b>	<b>\$ 111,328</b>	<b>\$ 294</b>	<b>\$ 142,123</b>	<b>\$ 254,198</b>

	Class A ordinary shares		Class B ordinary shares		Treasury Shares		Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings	Total shareholders' equity
	Number of ordinary shares		Number of ordinary shares		Number of ordinary shares					
<b>Balance as of January 1, 2024</b>	<b>31,455,148</b>	<b>\$ 1,584</b>	<b>9,326,732</b>	<b>\$ 466</b>	<b>294,029</b>	<b>\$ (1,594)</b>	<b>\$ 111,736</b>	<b>\$ 526</b>	<b>\$ 177,698</b>	<b>\$ 290,416</b>
Net income	—	—	—	—	—	—	—	—	94,849	94,849
Shares held for share-based compensation	—	—	—	—	500,000	—	—	—	—	—
Share-based compensation	579,983	29	—	—	(532,805)	—	15,625	—	—	15,654
Exercise of warrants	13,372	1	—	—	—	—	(1)	—	—	—
Re-designated ordinary shares from Class B to Class A	1,250,000	63	(1,250,000)	(63)	—	—	—	—	—	—
Foreign currency translation adjustment, net of nil income taxes	—	—	—	—	—	—	—	(551)	—	(551)
Net unrealized gain on available-for-sale investments	—	—	—	—	—	—	—	19	—	19
<b>Balance as of September 30, 2024</b>	<b>33,298,503</b>	<b>\$ 1,677</b>	<b>8,076,732</b>	<b>\$ 403</b>	<b>261,224</b>	<b>\$ (1,594)</b>	<b>\$ 127,360</b>	<b>\$ (6)</b>	<b>\$ 272,547</b>	<b>\$ 400,387</b>

**GigaCloud Technology Inc**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(In thousands except for share data)  
(unaudited)

	Class A ordinary shares		Class B ordinary shares		Treasury shares		Additional paid-in capital	Accumulated other comprehensive income	Retained earnings	Total shareholders' equity
	Number of ordinary shares		Number of ordinary shares		Number of ordinary shares					
<b>Balance as of July 1, 2023</b>	31,635,720	\$ 1,582	9,326,732	\$ 466	14,958	\$ (1)	\$ 110,734	\$ 303	\$ 117,921	\$ 231,005
Net income	—	—	—	—	—	—	—	—	24,202	24,202
Share-based compensation	6,498	—	—	—	(2,340)	—	594	—	—	594
Shares repurchase	(215,201)	—	—	—	215,201	(1,594)	—	—	—	(1,594)
Foreign currency translation adjustment, net of nil income taxes	—	—	—	—	—	—	—	(9)	—	(9)
<b>Balance as of September 30, 2023</b>	<b>31,427,017</b>	<b>\$ 1,582</b>	<b>9,326,732</b>	<b>\$ 466</b>	<b>227,819</b>	<b>\$ (1,595)</b>	<b>\$ 111,328</b>	<b>\$ 294</b>	<b>\$ 142,123</b>	<b>\$ 254,198</b>

	Class A ordinary shares		Class B ordinary shares		Treasury shares		Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings	Total shareholders' equity
	Number of ordinary shares		Number of ordinary shares		Number of ordinary shares					
<b>Balance as of July 1, 2024</b>	33,286,162	\$ 1,676	8,076,732	\$ 403	272,728	\$ (1,594)	\$ 125,922	\$ 150	\$ 231,862	\$ 358,419
Net income	—	—	—	—	—	—	—	—	40,685	40,685
Share-based compensation	12,341	1	—	—	(11,504)	—	1,438	—	—	1,439
Foreign currency translation adjustment, net of nil income taxes	—	—	—	—	—	—	—	(173)	—	(173)
Net unrealized gain on available-for-sale investments	—	—	—	—	—	—	—	17	—	17
<b>Balance as of September 30, 2024</b>	<b>33,298,503</b>	<b>\$ 1,677</b>	<b>8,076,732</b>	<b>\$ 403</b>	<b>261,224</b>	<b>\$ (1,594)</b>	<b>\$ 127,360</b>	<b>\$ (6)</b>	<b>\$ 272,547</b>	<b>\$ 400,387</b>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands)

(unaudited)

	Nine Months Ended September 30,	
	2023	2024
<b>Cash flows from operating activities:</b>		
<b>Net income</b>	\$ 58,533	\$ 94,849
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Allowance for doubtful accounts	229	373
Inventory write-down	888	703
Loss on other assets	—	327
Deferred tax	(141)	(7,957)
Share-based compensation	2,074	15,580
Depreciation and amortization	1,150	6,253
Loss (gain) from disposal of property and equipment	(2)	213
Operating lease	1,332	25,196
Unrealized foreign currency exchange losses (gains)	248	(2,024)
Others	—	1,058
<i>Changes in operating assets and liabilities:</i>		
Accounts receivable	(4,549)	(3,836)
Inventories	(4,924)	(52,645)
Prepayments and other assets	(6,934)	(5,229)
Accounts payable	8,347	(3,125)
Contract liabilities	1,771	(104)
Income tax payable	5,651	5,921
Accrued expenses and other current liabilities	19,049	14,107
<b>Net cash provided by operating activities</b>	<b>\$ 82,722</b>	<b>\$ 89,660</b>
<b>Cash flows from investing activities:</b>		
Cash paid for purchase of property and equipment	(823)	(14,038)
Cash received from disposal of property and equipment	2	1,700
Purchases of investments	—	(53,547)
Sale and maturities of investments	—	11,843
Advances paid for the acquisition	(8,500)	—
<b>Net cash used in investing activities</b>	<b>\$ (9,321)</b>	<b>\$ (54,042)</b>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**GigaCloud Technology Inc**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(In thousands)**  
**(unaudited)**

	<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2024</b>
<b>Cash flows from financing activities:</b>		
Repayment of finance lease obligations	\$ (1,650)	\$ (1,589)
Repayment of bank loans	(190)	—
Payment of share repurchase	(1,594)	—
<b>Net cash used in financing activities</b>	<b>\$ (3,434)</b>	<b>\$ (1,589)</b>
Effect of foreign currency exchange rate changes on cash, cash equivalents and restricted cash	(151)	130
<b>Net increase in cash, cash equivalents and restricted cash</b>	<b>69,816</b>	<b>34,159</b>
Cash, cash equivalents and restricted cash at the beginning of the period	145,076	184,168
<b>Cash, cash equivalents and restricted cash at the end of the period</b>	<b>\$ 214,892</b>	<b>\$ 218,327</b>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest expense	\$ 1,132	\$ 227
Cash paid for income taxes	\$ 8,104	\$ 18,889

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**GigaCloud Technology Inc**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Business***

GigaCloud Technology Inc (the “Company”), a limited liability company based in the Cayman Islands, with its subsidiaries (collectively referred to as the “Group”, “we” or “our”) are principally engaged in large parcel merchandise sales and the provision of ecommerce solutions for small cross-border business owners utilizing the Group’s online platform (“GigaCloud Marketplace”) and fulfillment centers primarily located in the United States, Japan and Europe.

***Organization***

The consolidated financial statements as of December 31, 2023 in the 2023 Form 10-K included the financial statements of the Company, its subsidiaries and consolidated VIEs.

In January 2024, the Company terminated the Account Control Agreements with four of its consolidated VIEs, B.T.M TRAVEL AND TRADING LTD, COMHARBOR LIMITED, BRIHOME LIMITED which are located in United Kingdom (the “U.K.”), and Decobus Handel GmbH which is located in Germany. Concurrently with the termination, the Company acquired 100% equity interest of the four entities from its nominal shareholder with nominal consideration through capital contribution. As of September 30, 2024, the Group had no consolidated VIEs. The accompanying unaudited condensed consolidated financial statements as of September 30, 2024 included the financial statements of the Company and its subsidiaries.

***Basis of Presentation***

The accompanying unaudited condensed consolidated financial statements of the Group have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Results of operations for interim periods are not necessarily indicative of results for the entire year. As a result, these unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the 2023 Form 10-K.

There were no significant changes to our significant accounting policies as disclosed in the 2023 Form 10-K.

***Cash, Cash Equivalents and Restricted Cash***

Cash and cash equivalents consist of cash on hand and highly liquid investments purchased with original maturities of three months or less. Cash that is restricted for withdrawal or use is reported separately on the unaudited condensed consolidated balance sheets. The Group’s restricted cash represents security deposits held in designated bank accounts for issuance of letters of guarantee.

A reconciliation of cash, cash equivalents and restricted cash in the unaudited condensed consolidated balance sheets to the amounts in the unaudited condensed consolidated statements of cash flows is as follows:

	December 31, 2023	September 30, 2024
	(In thousands)	
Cash and cash equivalents	\$ 183,283	\$ 217,581
Restricted cash	885	746
<b>Total cash, cash equivalents and restricted cash in the unaudited condensed consolidated statements of cash flows</b>	<b>\$ 184,168</b>	<b>\$ 218,327</b>



**GigaCloud Technology Inc**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**Concentration and Risk**

**Concentration of customers and suppliers**

No customers individually represented greater than 10.0% of total revenues of the Group for the three and nine months ended September 30, 2023 and 2024.

One customer individually represented greater than 10.0% of total accounts receivable balance of the Group as of December 31, 2023 and September 30, 2024, respectively.

	<b>December 31, 2023</b>	<b>September 30, 2024</b>
	proportion of total accounts receivable balance	proportion of total accounts receivable balance
Customer A	30.2 %	15.2 %

During the three and nine months ended September 30, 2024, one service provider individually represented 17.2% and 18.2% of total purchases, and no other vendor accounted for 10% or more of total purchases.

**Concentration of credit risk**

Financial instruments that potentially expose the Group to concentrations of credit risk consist principally of cash, cash equivalents, restricted cash, investments, accounts receivable, and amounts due from third-party payment platforms.

The Group's investment policy requires cash, cash equivalents, restricted cash and investments to be placed with high quality financial institutions and to limit the amount of credit risk from any one institution. The Group regularly evaluates the credit standing of the counterparties or financial institutions.

Accounts receivable (Note 3), derived from product sales and provision of services on the Group's GigaCloud Marketplace, as well as amounts due from third-party payment platforms derived from payment from individual customers collected by third-party payment platforms on behalf of the Group, are exposed to credit risk. The assessment of the counterparties' creditworthiness is primarily based on past history of making payments when due and current ability to pay, taking into account information specific to the counterparties as well as pertaining to the economic environment in which the counterparties operate. Based on this analysis, the Group determines what credit terms, if any, to offer to each counterparty individually. If the assessment indicates a likelihood of collection risk, the Group will not deliver the services or sell the products to or through the counterparties or require the counterparties to pay cash in time to secure payment.

**Segment Reporting**

The Group's chief operating decision maker has been identified as the chief executive officer, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Group. For the purpose of internal reporting and management's operation review, the Group's chief executive officer and management personnel do not segregate the Group's business by revenue stream or geography. Management has determined that the Group has one operating segment.

**GigaCloud Technology Inc**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

Long-lived assets consist of property and equipment and operating lease right-of-use assets. The geographic information for long-lived assets as of December 31, 2023 and September 30, 2024 was as follows:

	<b>December 31, 2023</b>	<b>September 30, 2024</b>
	<b>(In thousands)</b>	
The United States	\$ 400,554	\$ 476,306
Others	22,982	28,731
<b>Total long-lived assets</b>	<b>\$ 423,536</b>	<b>\$ 505,037</b>

Revenues reported are attributed to geographic areas based on locations of the Company's fulfillment centers, except for platform commission revenues which are attributed to Hong Kong, where the server of the GigaCloud

**GigaCloud Technology Inc**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)

Marketplace is located. Revenues by geographic regions for the three and nine months ended September 30, 2023 and 2024 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2024	2023	2024
<b>Revenues by geographic regions:</b>	(In thousands)			
<b>Service revenues</b>	\$ 51,474	\$ 100,373	\$ 129,848	\$ 253,166
<b>Platform commission</b>	2,796	4,245	7,689	12,322
Hong Kong	2,796	4,245	7,689	12,322
<b>Ocean transportation service</b>	5,442	26,242	12,149	51,547
United States	5,420	25,984	12,075	51,161
Others <sup>(1)</sup>	22	258	74	386
<b>Warehousing service</b>	5,828	12,603	16,789	31,519
United States	5,637	12,322	16,168	30,738
Others <sup>(1)</sup>	191	281	621	781
<b>Last-mile delivery service</b>	27,763	37,244	69,287	109,549
United States	26,641	31,583	66,677	98,161
Germany	951	5,220	1,907	10,315
Others <sup>(1)</sup>	171	441	703	1,073
<b>Packaging service</b>	4,529	7,480	11,317	21,445
United States	4,205	6,463	10,581	19,137
Germany	247	910	474	2,035
Others <sup>(1)</sup>	77	107	262	273
<b>Drayage service</b>	2,814	4,706	6,794	11,873
United States	2,785	4,566	6,728	11,718
Others <sup>(1)</sup>	29	140	66	155
<b>Others</b>	2,302	7,853	5,823	14,911
United States	2,083	7,699	5,331	14,100
Others <sup>(1)</sup>	219	154	492	811
<b>Product revenues</b>	126,693	202,943	329,246	612,094
United States	90,413	138,258	240,501	447,646
Japan	10,926	12,277	32,500	32,797
Germany	21,649	46,764	44,912	116,129
Others <sup>(1)</sup>	3,705	5,644	11,333	15,522
<b>Total revenues</b>	<b>\$ 178,167</b>	<b>\$ 303,316</b>	<b>\$ 459,094</b>	<b>\$ 865,260</b>

(1) No other individual region's revenues exceeded 10% of the Company's total revenues for the three and nine months ended September 30, 2023 and 2024.

**Recent Accounting Pronouncements**

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, to update reportable segment disclosure requirements. The amendment is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The amendment should be applied retrospectively to all prior periods presented in the financial statements. ASU 2023-07 is effective for our annual periods beginning January 1, 2024, and for interim periods



**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

beginning January 1, 2025, with early adoption permitted. We are currently evaluating the potential effect that the updated standard will have on our consolidated financial statement disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, amending existing income tax disclosure guidance, primarily requiring more detailed disclosure for income taxes paid and the effective tax rate reconciliation. For public business entities, the amendments in this ASU are effective for annual periods beginning after December 15, 2024. For entities other than public business entities, the amendments are effective for annual periods beginning after December 15, 2025. Early adoption permitted and can be applied on either a prospective or retroactive basis. The Group is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements and related disclosures.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)

**2. FAIR VALUE MEASUREMENTS**

The Group utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Group determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. The carrying amounts for the Group's cash, restricted cash, accounts receivable, accounts payable and accrued liabilities approximate fair value due to their short-term maturities. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs: Other than quoted prices included in Level 1, inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full-term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

Investments and cash equivalents are measured at fair value on a recurring basis. As of September 30, 2024, investments on the condensed consolidated balance sheets include time deposits and U.S. treasury securities, with maturity of three months to twelve months. Cash equivalents on the condensed consolidated balance sheets include money market instruments.

Treasury securities are classified as available-for-sale with unrealized gains and losses included in "accumulated other comprehensive income (loss)". The related unrealized gains recorded in accumulated other comprehensive income were nil and \$19 thousand as of September 30, 2023 and 2024. No realized gains or losses were recorded for the three and nine months ended September 30, 2023, and \$2 thousand for the three and nine months ended September 30, 2024. As of September 30, 2024, all available-for-sale securities are expected to mature within one year.

	Balance Sheet Location <sup>(1)</sup>	As of September 30, 2024	
		Cost or amortized cost	Fair value (Level 2)
		(In thousands)	
Money market instruments	Cash and cash equivalents	\$ 50,943	\$ 50,965
U.S. treasury securities <sup>(2)</sup>	Investments	11,822	11,841
Time deposits	Investments	30,002	30,329
		<b>\$ 92,767</b>	<b>\$ 93,135</b>

(1) Balance sheet location is determined by the duration to maturity at date of purchase and whether the assets are restricted for particular use.

(2) Fair value determined using broker quotes reflecting current market conditions.

**3. ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net, consisted of the following:

	December 31, 2023	September 30, 2024
	(In thousands)	
Accounts receivable	\$ 59,376	\$ 63,422
Less: allowance for doubtful accounts	(500)	(873)
<b>Accounts receivable, net</b>	<b>\$ 58,876</b>	<b>\$ 62,549</b>

**GigaCloud Technology Inc**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)

The movement of the allowance for doubtful accounts is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2024	2023	2024
	(In thousands)			
<b>Balance as of the beginning of the period</b>	\$ (240)	\$ (807)	\$ (237)	\$ (500)
Additions charged to bad debt expense	(226)	(66)	(229)	(373)
<b>Balance as of the end of the period</b>	<b>\$ (466)</b>	<b>\$ (873)</b>	<b>\$ (466)</b>	<b>\$ (873)</b>

#### 4. INVENTORIES

Inventories consisted of the following:

	December 31, 2023	September 30, 2024
	(In thousands)	
Products available for sale	\$ 92,059	\$ 143,684
Goods in transit	40,188	39,638
<b>Inventories</b>	<b>\$ 132,247</b>	<b>\$ 183,322</b>

#### 5. LEASES

The Group leases its office space, fulfillment centers and other facilities under non-cancelable operating leases with various expiration dates. The Group also has equipment that is leased under non-cancelable finance leases. The Group considers various factors such as market conditions and the terms of any renewal options that may exist to determine whether it will renew or replace the lease. In the event the Group is reasonably certain to exercise the option to extend a lease, the Group will include the extended terms in the operating lease right-of-use asset and operating lease liability. Certain fulfillment center storage shelves and certain forklifts used in the fulfillment centers are leased under finance leases, which have a fixed lease term of three to five years from the lease commencement dates. Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Group recognizes lease expense for these leases on a straight-line basis over the lease term.

The gross amounts of assets and liabilities related to both operating and finance leases were as follows:

Balance Sheet Caption		December 31, 2023	September 30, 2024
		(In thousands)	
<b>Assets:</b>			
Operating lease right-of-use assets	Operating lease right-of-use assets	\$ 398,922	\$ 476,027
Finance lease right-of-use assets	Property and equipment, net	8,616	2,837
<b>Total right-of-use assets</b>		<b>\$ 407,538</b>	<b>\$ 478,864</b>

**GigaCloud Technology Inc**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)

Balance Sheet Caption	December 31, 2023	September 30, 2024
	(In thousands)	
<b>Liabilities:</b>		
Current:		
Operating lease liabilities	\$ (57,949)	\$ (84,865)
Finance lease liabilities	(1,666)	(213)
Non-current:		
Operating lease liabilities	(343,511)	(418,915)
Finance lease liabilities	(111)	(470)
<b>Total lease liabilities</b>	<b>\$ (403,237)</b>	<b>\$ (504,463)</b>

The components of lease cost were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2024	2023	2024
(In thousands)				
Operating lease cost	\$ 8,027	\$ 27,136	\$ 23,902	\$ 75,644
Finance lease cost				
Amortization of right-of-use assets	153	119	487	390
Interest on lease liabilities	118	33	449	138
Short-term lease costs	122	174	215	584
<b>Total</b>	<b>\$ 8,420</b>	<b>\$ 27,462</b>	<b>\$ 25,053</b>	<b>\$ 76,756</b>

Lease terms and discount rates are as follows:

	December 31, 2023	September 30, 2024
<b>Weighted average remaining lease term (years):</b>		
Operating leases	6.45	5.71
Finance leases	0.84	3.81
<b>Weighted average discount rate:</b>		
Operating leases	3.23 %	3.61 %
Finance leases	18.18 %	12.59 %



**GigaCloud Technology Inc**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)

Future minimum lease payments as of September 30, 2024, including rental payments for lease renewal options the Group was reasonably certain to exercise, were as follows:

	<b>Operating leases</b>	<b>Finance leases</b>
	<b>(In thousands)</b>	
<b>Maturity of Lease Liabilities</b>		
Remainder of 2024	\$ 23,366	\$ 137
Year Ended December 31, 2025	105,184	179
Year Ended December 31, 2026	106,469	162
Year Ended December 31, 2027	101,641	155
Year Ended December 31, 2028	91,349	154
Thereafter	137,340	55
Total lease payments	565,349	842
Less: imputed interest	(61,569)	(159)
<b>Present value of lease liabilities</b>	<b>\$ 503,780</b>	<b>\$ 683</b>

## 6. ORDINARY SHARES

On July 1, 2022, the Group entered into an agreement with Aegis Capital Corp. (the “Underwriter”), pursuant to which the Group agreed to issue warrants to the Underwriter upon the completion of its Initial Public Offering (the “IPO”) as additional compensation for the Underwriter’s services, which entitles the Underwriter to purchase up to 1.0% of Class A ordinary shares sold in the IPO in the par value of \$0.05 per share, at the exercise price of 150% of the public offering price of \$12.25 per share.

In February 2024, the Underwriter exercised 29,400 of its warrants under cashless exercise for the Company to issue 13,372 Class A ordinary shares in aggregate. The shares were issued on February 16, 2024, February 23, 2024 and February 28, 2024. All warrants of the Underwriter have been exercised as of September 30, 2024.

In March 2024, 1,250,000 Class B ordinary shares were converted into equivalent number of Class A ordinary shares.

## 7. SHARE-BASED COMPENSATION

### *Restricted shares (the “RS”)*

A summary of the Company’s restricted shares for the three and nine months ended September 30, 2024 were presented below:

	<b>Number of shares</b>	<b>Weighted average grant date fair value</b>
Outstanding as of July 1, 2024	1,471	\$ 0.0015
Vested	(1,471)	0.0015
<b>Outstanding as of September 30, 2024</b>	<b>—</b>	<b>—</b>
<b>Expect to be vested at September 30, 2024</b>	<b>—</b>	<b>\$ —</b>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)

	Number of shares	Weighted average grant date fair value
Outstanding as of January 1, 2024	10,545	\$ 0.0015
Vested	(10,545)	0.0015
<b>Outstanding as of September 30, 2024</b>	<b>—</b>	<b>—</b>
<b>Expect to be vested at September 30, 2024</b>	<b>—</b>	<b>\$ —</b>

As of September 30, 2024, no unvested restricted shares remained.

**Restricted share units (the “RSU”)**

On April 1, 2024 and April 10, 2024, the Company granted 558,003 RSUs with no exercise price to employees with two types of vesting schedules of (1) vesting immediately after the grant or (2) vesting 50% immediately after the grant and cliff vesting the other 50% upon the satisfaction of one year service with the Group after the grant. Each of the RSUs granted is stipulated to vest following either of the two.

On June 26, 2024, the Group granted 98 RSUs to its employee with no exercise price. All of these RSUs vested on the grant date with no service condition stipulated.

On September 26, 2024, the Group granted 76 and 8,917 RSUs to its employee and advisor, respectively, with no exercise price. All of these RSUs vested on the grant date with no service condition stipulated.

A summary of the Company’s RSU activities for the three and nine months ended September 30, 2024 were presented below:

	Number of shares	Weighted average grant-date fair value
Outstanding as of July 1, 2024	966,257	\$ 20.04
Granted	8,993	21.74
<b>Outstanding as of September 30, 2024</b>	<b>975,250</b>	<b>20.05</b>
<b>Exercisable as of September 30, 2024</b>	<b>824,990</b>	<b>\$ 18.09</b>

	Number of shares	Weighted average grant-date fair value
Outstanding as of January 1, 2024	412,397	\$ 5.23
Granted	567,094	30.72
Forfeited	(4,241)	5.01
<b>Outstanding as of September 30, 2024</b>	<b>975,250</b>	<b>20.05</b>
<b>Exercisable as of September 30, 2024</b>	<b>824,990</b>	<b>\$ 18.09</b>

As of September 30, 2024, unrecognized compensation expenses of \$2,316 thousand relating to the 150,260 unvested RSUs would be recognized in the next twelve months.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)

**8. INCOME TAX**

The Company's provision for income tax in estimating the annual effective tax rate for the nine months ended September 30, 2023 and 2024 was \$13,614 thousand and \$15,379 thousand respectively, representing effective income tax rates of 18.9% and 15.6%, respectively. Certain tax filing differences are not considered in estimating the effective income tax rate applied year to date.

The difference between the PRC income tax rate of 25.0% and GigaCloud Technology's overall income tax rate was primarily due to an income tax benefit on a favorable foreign rate differential and GigaCloud Suzhou's certificate for Advanced Technology Service Enterprise ("ATSE") qualification, which entitles the company to the preferential tax rate of 15%.

**9. NET INCOME PER ORDINARY SHARE**

The following table sets forth the basic and diluted net income per ordinary share computation and provides a reconciliation of the numerator and denominator for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2024	2023	2024
(In thousands)				
<b>Numerator:</b>				
Net income	\$ 24,202	\$ 40,685	\$ 58,533	\$ 94,849
<b>Denominator:</b>				
Weighted average number of ordinary shares outstanding				
- Basic	40,769,219	41,364,886	40,794,241	41,150,372
- Diluted	40,878,759	41,395,001	40,881,065	41,258,416
<b>Net income per ordinary share attributable to ordinary shareholders</b>				
- Basic	\$ 0.59	\$ 0.98	\$ 1.43	\$ 2.30
- Diluted	\$ 0.59	\$ 0.98	\$ 1.43	\$ 2.30

12,618 unvested RSs with the exercise price of US\$7.48 per share are included in the calculation of diluted net income per ordinary share for the three months ended September 30, 2023 but excluded for the nine months ended September 30, 2023 under the treasury stock method, as their exercise prices are higher than the average fair market value of the Company's ordinary shares for the nine months ended September 30, 2023, representing out-of-money impact from the holder's perspective.

For the three and nine months ended September 30, 2023 and 2024, the potential dilutive securities that have been included in the calculation of diluted net income per ordinary share are presented as follow:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2024	2023	2024
RSU	104,888	29,609	86,824	104,153
RS	4,652	506	—	3,891

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)

**10. REVENUES**

The Group's revenues are disaggregated by major product and service lines and timing of revenue recognition. Detailed information is specified as follows:

<u>Major products/services lines</u>	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>
	(In thousands)			
<b>Service revenues</b>				
Platform commission	\$ 2,796	\$ 4,245	\$ 7,689	\$ 12,322
Ocean transportation service	5,442	26,242	12,149	51,547
Warehousing service	5,828	12,603	16,789	31,519
Last-mile delivery service	27,763	37,244	69,287	109,549
Packaging service	4,529	7,480	11,317	21,445
Drayage service <sup>(1)</sup>	2,814	4,706	6,794	11,873
Others <sup>(2)</sup>	2,302	7,853	5,823	14,911
<b>Total service revenues</b>	<b>51,474</b>	<b>100,373</b>	<b>129,848</b>	<b>253,166</b>
<b>Product revenues</b>				
Product sales to B	14,706	47,998	42,250	173,400
Product sales to C	31,570	49,015	75,385	139,784
Off-platform ecommerce	46,276	97,013	117,635	313,184
GigaCloud IP	80,417	105,796	211,611	298,397
Others	—	134	—	513
<b>Total product revenues</b>	<b>126,693</b>	<b>202,943</b>	<b>329,246</b>	<b>612,094</b>
<b>Revenues</b>	<b>\$ 178,167</b>	<b>\$ 303,316</b>	<b>\$ 459,094</b>	<b>\$ 865,260</b>

  

<u>Timing of revenue recognition</u>	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>
	(In thousands)			
Revenue from goods or services transferred to customers over time	\$ 41,846	\$ 81,933	\$ 105,018	\$ 207,951
Revenue from goods or services transferred to customers at a point in time	136,321	221,383	354,076	657,309
<b>Revenues</b>	<b>\$ 178,167</b>	<b>\$ 303,316</b>	<b>\$ 459,094</b>	<b>\$ 865,260</b>

(1) For the three and nine months ended September 30, 2024, service revenues have been reclassified to separately disclose drayage service revenue, which was previously reported under "Others". This reclassification is intended to provide more relevant information regarding drayage service revenue, which has grown to a level warranting separate disclosure. Comparative figures were reclassified to conform to this presentation.

(2) No revenues classified as "Others" exceeded 10% of the Group's total revenues for the three and nine months ended September 30, 2023 and 2024.

**GigaCloud Technology Inc**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)

**Contract Liabilities**

Changes in the contract liabilities balances were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2024	2023	2024
	(In thousands)			
Balance as of beginning of the period	\$ 2,093	\$ 6,497	\$ 2,001	\$ 5,537
Revenue recognized from opening balance of contract liabilities	(2,093)	(6,497)	(2,001)	(5,537)
Increase due to cash received	115,249	161,882	291,604	436,035
Revenue recognized from cash received during the period	(111,481)	(156,605)	(287,832)	(430,721)
Foreign exchange effect	(33)	54	(37)	17
<b>Balance as of end of the period</b>	<b>\$ 3,735</b>	<b>\$ 5,331</b>	<b>\$ 3,735</b>	<b>\$ 5,331</b>

Contract liabilities relate to considerations received in advance for merchandise sales and services provided on GigaCloud Marketplace for which control of the services occur at a later point in time. The contract liabilities will be recognized as revenue when the Group fulfills its performance obligations to transfer the promised products or services to customers, which is expected to occur within one year.

The Group has elected the practical expedient under ASC 606-10-50-14(a) and does not disclose information regarding remaining performance obligations which are part of contracts that have an original expected duration of one year or less.

**11. COMMITMENTS AND CONTINGENCIES**

The Group leases offices and fulfillment centers under non-cancelable operating lease agreements. Future minimum lease payments under these noncancelable lease agreements with initial terms longer than three months are disclosed as maturity of lease liabilities in Note 5.

On March 9, 2024, one of our fulfillment centers in Japan experienced a fire. The fire destroyed our inventories located within the fulfillment center. The Group recognized losses of \$2.0 million as a result of the fire. Based on the provisions of our insurance policies, the gross losses have been reduced by the estimated insurance proceeds expected to be received from our insurance carrier. As of September 30, 2024, the Group determined that partial recovery of the incurred losses is probable and recorded an insurance receivable and insurance recovery of \$1.7 million. As of October 2024, the Group received \$1.9 million in insurance proceeds for the claim.

The Group may incur certain costs in connection with the reconstruction efforts of the leased fulfillment center following the fire. Notably, our insurance coverage extends to damages incurred by third parties. As of the date the unaudited condensed financial statements were issued, the Group is unable to reasonably estimate the extent of these costs. Consequently, no specific provision has been accrued in our financial statements related to the reconstruction efforts of the leased fulfillment center. We remain committed to monitoring the situation closely and will adjust our estimates accordingly as more information becomes available in subsequent reporting periods. As of September 30, 2024, the Group did not expect liabilities arising from reconstruction efforts, net of insurance recoveries, to materially adversely affect the Group's unaudited condensed consolidated results of operations or its financial condition.

The Group had no other material commitments or long-term obligations as of September 30, 2024.

**12. SUBSEQUENT EVENTS**

On September 3, 2024, the Group's board of directors approved a share repurchase program to repurchase up to \$46.0 million of its Class A ordinary shares over the next 12 months. Subsequent to September 30, 2024, the Group executed a series of share repurchase transactions under a Rule 10b5-1 plan. As of November 6, 2024, the Group

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

repurchased a total of 468,559 Class A ordinary shares at an average price of \$24.35, totaling approximately \$11.4 million. Direct and incremental cost incurred in relation to the repurchase were \$18.7 thousand.

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

*The following information should be read in conjunction with the 2023 Form 10-K and the unaudited condensed consolidated financial statements and related notes thereto included in this quarterly report on Form 10-Q.*

*In addition to historical information, this report contains forward-looking statements that involve risks and uncertainties which may cause our actual results to differ materially from plans and results discussed in forward-looking statements or those implied in historical results and trends. We encourage you to review the risks and uncertainties discussed in the sections entitled Item 1A. “Risk Factors” and “Forward-Looking Statements” included in the 2023 Form 10-K and this quarterly report on Form 10-Q.*

*We caution readers not to place undue reliance on any forward-looking statements made by us, which speak only as of the date they are made. We disclaim any obligation, except as specifically required by law and the rules of the SEC, to publicly update or revise any such statements to reflect any change in our expectations or in events, conditions or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements.*

### Overview

We are a pioneer of global end-to-end B2B ecommerce solutions for large parcel merchandise. We generate revenues primarily through three revenue streams:

- **GigaCloud 3P:** generates service revenues, including revenues from platform commission, ocean transportation service, warehousing service, last-mile delivery service, packaging service, drayage service and others, by facilitating transactions between sellers and buyers in our GigaCloud Marketplace.
- **GigaCloud 1P:** generates product revenues through the sale of our inventory in our GigaCloud Marketplace.
- **Off-platform ecommerce:** generates product revenues through the sale of our inventory to and through third-party ecommerce websites.

GMV from GigaCloud 3P and GigaCloud 1P together make up our GigaCloud Marketplace GMV, and GMV from off-platform ecommerce and GigaCloud Marketplace GMV together make up our total GMV across the platforms. These three revenue streams complement each other to improve our value proposition to sellers and buyers in our GigaCloud Marketplace.

### Key Financial and Operating Metrics

We monitor the following key financial and operating metrics to evaluate the growth of our GigaCloud Marketplace, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. The financial impact from the acquisitions of Noble House and Wondersign was reflected in our unaudited condensed consolidated financial results since the completion of the acquisitions in the fourth quarter of 2023. In the second quarter of 2024, we introduced Noble House-related SKUs to our GigaCloud Marketplace, which contributed to a one-time uplift in our operating metrics. The operating impact from these acquisitions has been reflected in the operating metrics in our GigaCloud Marketplace since April 1, 2024.

The following tables set forth our key financial and operating metrics for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2024	2023	2024
<b>Key Financial Statement Metrics:</b>				
(In thousands, except for per share data)				
Total revenues	\$ 178,167	\$ 303,316	\$ 459,094	\$ 865,260
Gross profit	48,858	77,251	118,796	220,246
Operating income	31,699	40,723	72,955	102,988
Net income	24,202	40,685	58,533	94,849
Net income per ordinary share				
—Basic	\$ 0.59	\$ 0.98	\$ 1.43	\$ 2.30
—Diluted	\$ 0.59	\$ 0.98	\$ 1.43	\$ 2.30

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2024	2023	2024
<b>Non-GAAP Financial Metrics<sup>(1)</sup>:</b>				
(In thousands, except for per share data)				
Adjusted EBITDA	\$ 29,776	\$ 48,799	\$ 74,492	\$ 126,040
Adjusted EPS – diluted	\$ 0.74	\$ 1.15	\$ 1.82	\$ 3.06

(1) See “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operation—Non-GAAP Financial Measures” for information regarding our use of Adjusted EBITDA and Adjusted EPS – diluted and a reconciliation of net income to Adjusted EBITDA and net income per ordinary share – diluted to Adjusted EPS – diluted.

	12 Months Ended September 30,	
	2023	2024
<b>Key Operating Metrics:</b>		
GigaCloud Marketplace GMV (in \$ thousands)	\$ 684,745	\$ 1,233,601
Active 3P sellers	741	1,051
3P seller GigaCloud Marketplace GMV (in \$ thousands)	\$ 369,512	\$ 635,465
Active buyers	4,602	8,535
Spend per active buyer (in \$)	\$ 148,793	\$ 144,534

#### **GigaCloud Marketplace GMV**

The growth in GigaCloud Marketplace GMV, including GMV from both GigaCloud 3P and GigaCloud 1P, reflects our ability to attract and retain sellers and buyers in the GigaCloud Marketplace. The revenues we generate in our marketplace are highly correlated to the amount of GMV transacted in the GigaCloud Marketplace.

GigaCloud Marketplace GMV increased from \$684.7 million in the 12 months ended September 30, 2023 to \$1,233.6 million in the 12 months ended September 30, 2024, representing a growth of 80.2% period-over-period, primarily due to the continued increase in the numbers of sellers and buyers transacting in our marketplace as our marketplace continues to gain scale and market position. In the second quarter of 2024, we introduced Noble House-related SKUs to our GigaCloud Marketplace, which have been reflected in our GigaCloud Marketplace GMV starting April 1, 2024.



### ***Active 3P Sellers***

The number of active 3P sellers in the GigaCloud Marketplace increased from 741 in the 12 months ended September 30, 2023 to 1,051 in the 12 months ended September 30, 2024, representing an increase of 41.8% period-over-period. We view active 3P sellers as a key driver of the product catalog in our marketplace, which helps attract and retain buyers. The GigaCloud Marketplace offers SKUs across furniture, home appliances, fitness equipment and other large parcel categories from our active 3P sellers. The number of SKUs from active 3P sellers increased from 22,101 as of December 31, 2023 to 33,086 as of September 30, 2024. We expect to grow the number of active 3P sellers through geographic expansion, suppliers outreach, marketing initiatives, referrals and word-of-mouth. We also leverage our 1P inventory sales to establish new markets, reducing the risk in geographic expansion for new sellers, and increasing the appeal for new sellers to join our marketplace.

### ***3P Seller GigaCloud Marketplace GMV***

3P Seller GigaCloud Marketplace GMV represents the GMV our 3P Sellers transact in the GigaCloud Marketplace. 3P Seller GigaCloud Marketplace GMV was \$369.5 million in the 12 months ended September 30, 2023 and \$635.5 million in 12 months ended September 30, 2024, representing an increase of 72.0% period-over-period. 3P Seller GigaCloud Marketplace GMV represented 54.0% and 51.5% of total GigaCloud Marketplace GMV in the 12 months ended September 30, 2023 and September 30, 2024, respectively.

### ***Active Buyers***

The number of active buyers in the GigaCloud Marketplace increased from 4,602 in the 12 months ended September 30, 2023 to 8,535 in the 12 months ended September 30, 2024, representing an increase of 85.5% period-over-period. We view the number of active buyers as a key driver of GMV and revenue for our GigaCloud Marketplace. We plan to expand our active buyers by enhancing our marketplace product categories, and leveraging referrals from existing users.

### ***Spend Per Active Buyer***

The spend per active buyer in our GigaCloud Marketplace was \$148,793 in the 12 months ended September 30, 2023, compared to \$144,534 in the 12 months ended September 30, 2024, representing a slight decrease of 2.9% period-over-period. Spend per active buyer is a key driver of GMV and revenue for our GigaCloud Marketplace. We grow spend per active buyer by expanding our product categories, increasing buyers' purchase frequency and raising the average price per purchase. The slight decrease in spend per active buyer for the 12 months ended September 30, 2024 was primarily due to a higher number of new buyers onboarded during the period, who generally require time to increase their spending in our GigaCloud Marketplace.

### **Key Factors Affecting Our Results of Operations**

Key factors affecting our results of operations include the following:

#### ***Our Ability to Attract and Retain Sellers***

Sellers in our marketplace are typically manufacturers operating in Asia who utilize our supply chain capabilities to establish overseas sales channels without having to invest in their own logistics or fulfillment centers overseas. We are focused on growing and retaining the number of sellers who choose to list their large parcel merchandise in our marketplace and utilize our fulfillment and logistics network for the shipping and handling of their products.

Our number of active 3P sellers was 1,051 in the 12 months ended September 30, 2024, compared to 741 in the 12 months ended September 30, 2023, representing an increase of 41.8% from 12 months ended September 30, 2023. We believe this increasing trend will continue because of the growing recognition of our marketplace, our seller-friendly comprehensive fulfillment and logistics network which enables hassle-free delivery of large parcel merchandise and our expansion into new markets.

Using our marketplace, sellers are able to quickly gain access to key global markets in which we operate, including the U.S., the U.K., Germany, Japan and Canada. We provide a flat rate program for shipping and handling, and sellers are able to utilize the storage space in our fulfillment centers. We also create sales analytics which provide valuable information as sellers determine which products to bring to market.

We attract new sellers predominantly through organic channels such as geographic expansion, suppliers outreach, marketing initiatives, referrals and word-of-mouth. In 2023, we completed the acquisitions of Noble House and Wondersign, which supplemented our supply chain, fulfillment and logistics capabilities and we expect to attract more sellers and buyers into our GigaCloud Marketplace after these strategic acquisitions. We also plan to augment organic customer acquisition by adding additional sales and marketing employees to enhance seller and buyer growth.

### ***Our Ability to Attract and Retain Buyers***

Buyers in our marketplace are typically resellers operating in the U.S., Asia and Europe who procure large parcel merchandise to resell to end customers. Our marketplace is attractive to buyers because we minimize inventory risk from our buyers' business operations. Our buyers can browse a product in our marketplace and list the product on their preferred ecommerce websites such as Rakuten, Amazon, Walmart, Wayfair, Home Depot and OTTO, or their own store prior to procuring and storing the product in a warehouse or shop. Once a sale to the end customer takes place, buyers can order the product in our marketplace and we will handle the fulfillment directly to the end customer.

In the 12 months ended September 30, 2024, we had 8,535 active buyers in our marketplace with an average \$144,534 spend per active buyer, representing a 85.5% increase in active buyers and a 2.9% decrease in spend per active buyer compared to the 4,602 active buyers in our marketplace with an average \$148,793 spend per active buyer in the 12 months ended September 30, 2023, primarily attributable to increased scale and recognition of our marketplace and an increase in the number of global sales channels for buyers to resell products to end customers.

### ***Recent Acquisitions***

In addition to organic growth, we have grown through acquisitions that have deepened and expanded our presence in current markets and facilitated entry into attractive new markets.

In 2023, we completed the acquisition of Noble House, a leading B2B distributor of indoor and outdoor home furnishing, for an aggregate consideration of approximately \$77.6 million, and the acquisition of Wondersign, a cloud-based interactive digital signage and e-catalog management SaaS company, for an aggregate purchase price of approximately \$10.0 million.

Following the acquisitions, our results of operations are affected by the newly acquired businesses or operations, the purchase accounting for the acquisition and expenditures made to integrate the newly acquired businesses or operations. As a result of our acquisitions and the consolidation of our operating subsidiaries' financial results into our consolidated financial results, the periods presented in our historical financial statements may not be comparable to one another and our future results of operations and financial results may also differ.

### ***Overall Economic Trends***

The overall economic environment and related changes in customer behavior have a significant impact on our business. Customer spending on our products and services is primarily discretionary, and therefore positive economic conditions generally drive stronger business performance.

Recent global economic uncertainties, inflation, higher interest rates, surge in fuel and transportation costs, lower consumer confidence and demand for discretionary goods, and geopolitical events such as recent international trade disputes and the ongoing wars in Ukraine and in Israel and Gaza, including the related disruptions to international shipping in the Red Sea could impact the demand of products and shipping and freight rates. We expect an increase in our transportation costs in the fourth quarter of 2024 due to seasonal demand surge which may negatively affect our profitability. Other macroeconomic factors that can affect customer spending patterns include employment rates, availability of customer credit, tariffs, interest rates, tax rates and energy costs.

### ***Our Ability to Broaden Service Offerings***

Our results of operations are also affected by our ability to introduce new service offerings. We have a history of expanding our service offering to enhance our customer experience and to increase revenues. We started our business by primarily selling our own self-procured large parcel merchandise directly to end customers. We expanded our service offerings and launched our GigaCloud Marketplace in 2019, and the revenues generated by GigaCloud Marketplace grew quickly, representing 74.4% and 63.7% of our total revenues in the nine months ended September 30, 2023 and 2024, respectively. We continue to evaluate opportunities to launch additional services.

### ***Our Ability to Effectively Invest in our Infrastructure and Technology Platform***

Our results of operations depend in part on our ability to invest in our infrastructure and technology platform to cost-effectively meet the demands of our anticipated growth. Our global fulfillment and logistics network is a key part of our infrastructure, which consists of fulfillment centers and other facilities that are strategically located, designed and equipped to efficiently manage inventory and to fulfill customers orders and other needs. As of September 30, 2024, we leased 37 fulfillment centers with an aggregate gross floor area of approximately 10.5 million square feet in five countries, and two other facilities with storage and showroom functions with an aggregate gross floor area of approximately 18,348 square feet in the U.S. Additionally, we maintain partnerships with several major shipping, trucking and freight service providers to supplement our transportation network and shipping requirements.

Our ability to improve our operational efficiency depends on our ability to invest in our infrastructure and technology platform, including our warehousing and fulfillment solutions and AI technology. We also invest in our research and development personnel for the design, development, and testing of our platform, and incur software development costs for the internal-use software and our group's websites. We have successfully improved our infrastructure and technology solutions over the past years.

### ***Seasonality***

Our business is subject to seasonality. We expect the last quarter of the year to be the most active because of the November and December holiday sales period. Our GigaCloud Marketplace GMV is usually the largest in the fourth quarter of a year. It is uncertain whether this is an indicator of industry trends going forward.

### **Key Components of Results of Operations**

#### ***Revenues***

We generate service revenues from our GigaCloud 3P business, and product revenues from our GigaCloud 1P, off-platform ecommerce businesses and others. Service revenues from GigaCloud 3P, including revenues from platform commission, ocean transportation service, warehousing service, last-mile delivery service, packaging service, drayage service and others are generated by facilitating transactions between sellers and buyers in our GigaCloud Marketplace. Product revenues from GigaCloud 1P are generated through the product sales of our inventory through our GigaCloud Marketplace, and product revenues from off-platform ecommerce are generated from product sales of our inventory to and through third-party ecommerce websites.

The following table sets forth the breakdown of our revenues, both in absolute amount and as a percentage of our total revenues, for the periods presented:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2024		2023		2024	
	\$	%	\$	%	\$	%	\$	%
(In thousands, except for percentages) (unaudited)								
<b>Revenues</b>								
<b>Service revenues</b>								
Platform commission	\$ 2,796	1.6	\$ 4,245	1.4	\$ 7,689	1.7	\$ 12,322	1.4
Ocean transportation service	5,442	3.1	26,242	8.7	12,149	2.6	51,547	6.0
Warehousing service	5,828	3.3	12,603	4.2	16,789	3.7	31,519	3.6
Last-mile delivery service	27,763	15.6	37,244	12.3	69,287	15.1	109,549	12.7
Packaging service	4,529	2.5	7,480	2.5	11,317	2.5	21,445	2.5
Drayage service <sup>(1)</sup>	2,814	1.6	4,706	1.6	6,794	1.5	11,873	1.4
Others <sup>(2)</sup>	2,302	1.3	7,853	2.6	5,823	1.3	14,911	1.7
<b>Subtotal</b>	<b>51,474</b>	<b>28.9</b>	<b>100,373</b>	<b>33.1</b>	<b>129,848</b>	<b>28.3</b>	<b>253,166</b>	<b>29.3</b>
<b>Product revenues</b>								
Off-platform ecommerce	46,276	26.0	97,013	32.0	117,635	25.6	313,184	36.2
GigaCloud 1P	80,417	45.1	105,796	34.9	211,611	46.1	298,397	34.5
Others	—	—	134	—	—	—	513	0.1
<b>Subtotal</b>	<b>126,693</b>	<b>71.1</b>	<b>202,943</b>	<b>66.9</b>	<b>329,246</b>	<b>71.7</b>	<b>612,094</b>	<b>70.7</b>
<b>Total</b>	<b>\$ 178,167</b>	<b>100.0</b>	<b>\$ 303,316</b>	<b>100.0</b>	<b>\$ 459,094</b>	<b>100.0</b>	<b>\$ 865,260</b>	<b>100.0</b>

(1) For the three and nine months ended September 30, 2024, service revenues have been reclassified to separately disclose drayage service revenue, which was previously reported under "Others". This reclassification is intended to provide more relevant information regarding drayage service revenue, which has grown to a level warranting separate disclosure. Comparative figures were reclassified to conform to this presentation.

(2) No revenues classified as "Others" exceeded 10% of the Group's total revenues for the three and nine months ended September 30, 2023 and 2024.

Revenues reported are attributed to geographic areas based on locations of our fulfillment centers, except for platform commission revenues which are attributed to Hong Kong, where the server of the GigaCloud Marketplace is located. The following table sets forth the breakdown of our revenues by geographic regions for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2024	2023	2024
	(In thousands) (unaudited)			
<b>Revenues by geographic regions:</b>				
<b>Service revenues</b>	\$ 51,474	\$ 100,373	\$ 129,848	\$ 253,166
<b>Platform commission</b>	2,796	4,245	7,689	12,322
Hong Kong	2,796	4,245	7,689	12,322
<b>Ocean transportation service</b>	5,442	26,242	12,149	51,547
United States	5,420	25,984	12,075	51,161
Others <sup>(1)</sup>	22	258	74	386
<b>Warehousing service</b>	5,828	12,603	16,789	31,519
United States	5,637	12,322	16,168	30,738
Others <sup>(1)</sup>	191	281	621	781
<b>Last-mile delivery service</b>	27,763	37,244	69,287	109,549
United States	26,641	31,583	66,677	98,161
Germany	951	5,220	1,907	10,315
Others <sup>(1)</sup>	171	441	703	1,073
<b>Packaging service</b>	4,529	7,480	11,317	21,445
United States	4,205	6,463	10,581	19,137
Germany	247	910	474	2,035
Others <sup>(1)</sup>	77	107	262	273
<b>Drayage service</b>	2,814	4,706	6,794	11,873
United States	2,785	4,566	6,728	11,718
Others <sup>(1)</sup>	29	140	66	155
<b>Others</b>	2,302	7,853	5,823	14,911
United States	2,083	7,699	5,331	14,100
Others <sup>(1)</sup>	219	154	492	811
<b>Product revenues</b>	126,693	202,943	329,246	612,094
United States	90,413	138,258	240,501	447,646
Japan	10,926	12,277	32,500	32,797
Germany	21,649	46,764	44,912	116,129
Others <sup>(1)</sup>	3,705	5,644	11,333	15,522
<b>Total revenues</b>	\$ 178,167	\$ 303,316	\$ 459,094	\$ 865,260

(1) No other individual region's revenues exceeded 10% of our total revenues for the three and nine months ended September 30, 2023 and 2024.

### Service Revenues—GigaCloud 3P

We derive service revenues primarily through the various 3P activities of sellers and buyers in the GigaCloud Marketplace, including revenues from platform commission, ocean transportation service, warehousing service, last-mile delivery service, packaging service, drayage service and others. When a seller and buyer enter into a transaction in GigaCloud Marketplace, we generate revenues from platform services by earning a percentage commission depending on the transaction value. The standard commission ranges between 1% and 5%. Additionally, we charge a fulfillment fee for other freight services such as delivery of products via ocean transportation. We charge the sellers storage fees based on the number of days and the size of the products that are stored in our fulfillment centers, and we charge buyers a flat fee for last-mile delivery services for delivery of products to end customers directly from our fulfillment centers, which varies by the weight of the products. We charge drayage service fees in connection with transportation of products from ports to warehouses at a flat fee. We also charge packaging fees in connection with merchandise that we pack and ship.

From time to time in the three and nine months ended September 30, 2024, when we had excess fulfillment capacity, we utilized such excess fulfillment capacity and our extensive logistics network to offer third-party logistics services to customers to help fulfill their large parcel transportation needs. As we continue to grow our GigaCloud Marketplace, we expect to dedicate our logistics capacity to customers using our marketplace and to products sold on our own marketplace, and will opportunistically provide third-party logistics services when there is excess capacity within our network.

#### **Product Revenues—GigaCloud 1P**

We derive product revenues from the sales of products through selling our own inventory in our marketplace. Our 1P business creates more products for buyers, gives us insights into seller needs, provides us with proprietary data and increases the velocity of sales in our marketplace.

#### **Product Revenues—Off-platform Ecommerce**

We derive product revenues primarily from the sales of our own inventory through two sales models, which are (i) product sales made to third-party ecommerce websites, or Product Sales to B, such as Wayfair, Walmart, Home Depot, Amazon, Target and Overstock; and (ii) product sales to individual customers through third-party ecommerce websites, or Product Sales to C, such as Rakuten, Amazon and OTTO, where end customers can visit our online stores and purchase directly from us. Regarding Product Sales to B, as expenses charged by these websites are not in exchange for a distinct good or service, the payments to these websites are not recognized as expenses but as recorded net of revenues. With respect to Product Sales to C, expenses incurred for product sales made through these websites are recorded as selling and marketing expenses.

#### **Cost of Revenues**

Our cost of revenues primarily consists of cost of services and cost of product sales. The following table sets forth the breakdown of our cost of revenues, both in absolute amount and as a percentage of our total revenues, for the periods presented:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2024		2023		2024	
	\$	%	\$	%	\$	%	\$	%
(In thousands, except for percentages) (unaudited)								
<b>Cost of revenues</b>								
Services	\$ 40,375	22.7	\$ 78,292	25.8	\$ 103,924	22.6	\$ 206,763	23.9
Product sales	88,934	49.9	147,773	48.7	236,374	51.5	438,251	50.6
<b>Total</b>	<b>\$ 129,309</b>	<b>72.6</b>	<b>\$ 226,065</b>	<b>74.5</b>	<b>\$ 340,298</b>	<b>74.1</b>	<b>\$ 645,014</b>	<b>74.5</b>

#### **Cost of Services**

Cost of services primarily consists of delivery costs, an allocated portion of fulfillment center rental expenses, and costs associated with the operation of the GigaCloud Marketplace.

#### **Cost of Product Sales**

Cost of product sales primarily consists of the purchase price of merchandise, shipping and handling costs for self-owned merchandise, rental expenses for fulfillment centers excluding the portion allocated to cost of service revenue and abnormal capacity, packaging fees and personnel related costs. Shipping and handling costs primarily consist of those costs incurred during the process of delivery in North America and markets in other regions such as Japan and Europe, including the expenses attributable to shipment and handling activities, when we deliver a good to a customer.

### Gross Profit and Margin

The table below sets forth a breakdown of our gross profit and gross profit margin for each of the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2024	2023	2024
	(In thousands, except for percentages)			
Gross Profit	\$ 48,858	\$ 77,251	\$ 118,796	\$ 220,246
Gross margin (%)	27.4 %	25.5 %	25.9 %	25.5 %

### Operating Expenses

Our operating expenses consist of selling and marketing expenses, general and administrative expenses, research and development expenses and losses on disposal of property and equipment. The following table sets forth the breakdown of our operating expenses, both in absolute amount and as a percentage of our total revenues, for the periods presented:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2024		2023		2024	
	\$	%	\$	%	\$	%	\$	%
	(In thousands, except for percentages)							
<b>Operating expenses</b>								
Selling and marketing expenses	\$ 10,951	6.1	\$ 18,605	6.1	\$ 27,382	6.0	\$ 52,645	6.1
General and administrative expenses	5,831	3.3	15,296	5.0	16,878	3.7	56,965	6.6
Research and development expenses	377	0.2	2,582	0.9	1,581	0.3	7,435	0.9
Losses on disposal of property and equipment	—	—	45	—	—	—	213	—
<b>Total operating expenses</b>	<b>\$ 17,159</b>	<b>9.6</b>	<b>\$ 36,528</b>	<b>12.0</b>	<b>\$ 45,841</b>	<b>10.0</b>	<b>\$ 117,258</b>	<b>13.6</b>

### Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of platform service fees charged by third-party ecommerce websites arising from Product sales to C on Off-platform ecommerce channels, advertising expenses, and payroll and related expenses for personnel engaged in selling and marketing activities, and rental and depreciation expenses relating to facilities and equipment used by those employees. Advertising expenses include advertisements through various forms of media and marketing and promotional activities.

The following table sets forth the breakdown of our selling and marketing expenses, both in absolute amount and as a percentage of our total revenues, for the periods presented:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2024		2023		2024	
	\$	%	\$	%	\$	%	\$	%
(In thousands, except for percentages)								
<b>Selling and marketing expenses</b>								
Staff cost	\$ 5,029	2.8	\$ 8,284	2.7	\$ 13,516	2.9	\$ 23,412	2.7
Platform service fees	4,811	2.7	7,710	2.5	11,176	2.4	22,135	2.6
Advertising expenses	729	0.4	1,565	0.5	1,684	0.4	4,809	0.6
Traveling	141	0.1	320	0.1	367	0.1	643	0.1
Others	241	0.1	726	0.2	639	0.1	1,646	0.2
<b>Total selling and marketing expenses</b>	<b>\$ 10,951</b>	<b>6.1</b>	<b>\$ 18,605</b>	<b>6.1</b>	<b>\$ 27,382</b>	<b>6.0</b>	<b>\$ 52,645</b>	<b>6.1</b>

#### *General and Administrative Expenses*

Our general and administrative expenses primarily consist of share-based compensation, payroll and related costs for employees involved in general corporate functions, rental and depreciation expenses associated with the use of facilities and equipment by these employees, rental expenses associated with excess capacity in fulfillment centers, professional fees, property insurance and other general corporate expenses.

The following table sets forth the breakdown of our general and administrative expenses, both in absolute amount and as a percentage of our total revenues, for the periods presented:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2024		2023		2024	
	\$	%	\$	%	\$	%	\$	%
(In thousands, except for percentages)								
<b>General and administrative expenses</b>								
Staff cost	\$ 2,315	1.3	\$ 4,286	1.4	\$ 7,756	1.7	\$ 24,580	2.8
Professional fees	1,466	0.8	2,699	0.9	3,775	0.8	7,698	0.9
Rental and depreciation	799	0.4	4,987	1.6	2,105	0.5	14,805	1.7
Office supplies and utility	481	0.3	482	0.2	1,169	0.3	2,784	0.3
Property insurance	228	0.1	1,147	0.4	675	0.1	2,722	0.3
Others	542	0.3	1,695	0.6	1,398	0.3	4,376	0.5
<b>Total general and administrative expenses</b>	<b>\$ 5,831</b>	<b>3.3</b>	<b>\$ 15,296</b>	<b>5.0</b>	<b>\$ 16,878</b>	<b>3.7</b>	<b>\$ 56,965</b>	<b>6.6</b>

#### *Research and Development Expenses*

Our research and development expenses primarily consist of IT- and platform-related personnel costs, including share-based compensation expense associated with our engineering, programming, data analytics, and product development personnel responsible for the design, development, and testing of our platform, rental and depreciation expenses associated with the use of facilities and equipment of research and development personnel, and information technology costs.



***Losses on Disposal of Property and Equipment***

Our losses on disposal of property and equipment primarily consist of the losses on the disposal of old and obsolete property and equipment.

***Interest Expense***

Our interest expense primarily consists of financial lease interest expense for leased equipment used in our fulfillment centers and other facilities in the U.S.

***Interest Income***

Our interest income primarily consists of interest income from bank deposits, wealth management products and investments.

***Foreign Currency Exchange Gains (Losses), Net***

Our foreign exchange gains and losses represent the gains or losses due to appreciation or depreciation of the U.S. dollar against Japanese Yen, the Euro, Canadian dollar and the British Pound.

***Government Grants***

Our income from government grants primarily consists of industry related government subsidies.

***Income Tax Expense***

Our income tax expense primarily consists of current tax expense, deferred tax expense and uncertain tax positions.

## Results of Operations

The following table sets forth a summary of our unaudited condensed consolidated results of operations, both in absolute amount and as a percentage of our total revenues, for the periods presented. This information should be read together with our unaudited condensed consolidated financial statements and related notes included elsewhere in this quarterly report. The results of operations in any period are not necessarily indicative of our future trends.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2024		2023		2024	
	\$	%	\$	%	\$	%	\$	%
(In thousands, except for percentages) (unaudited)								
<b>Revenues</b>								
Service revenues	\$ 51,474	28.9	\$ 100,373	33.1	\$ 129,848	28.3	\$ 253,166	29.3
Product revenues	126,693	71.1	202,943	66.9	329,246	71.7	612,094	70.7
<b>Total revenues</b>	<b>178,167</b>	<b>100.0</b>	<b>303,316</b>	<b>100.0</b>	<b>459,094</b>	<b>100.0</b>	<b>865,260</b>	<b>100.0</b>
<b>Cost of revenues</b>								
Services	40,375	22.7	78,292	25.8	103,924	22.6	206,763	23.9
Product sales	88,934	49.9	147,773	48.7	236,374	51.5	438,251	50.6
<b>Total cost of revenues</b>	<b>129,309</b>	<b>72.6</b>	<b>226,065</b>	<b>74.5</b>	<b>340,298</b>	<b>74.1</b>	<b>645,014</b>	<b>74.5</b>
<b>Gross profit</b>	<b>48,858</b>	<b>27.4</b>	<b>77,251</b>	<b>25.5</b>	<b>118,796</b>	<b>25.9</b>	<b>220,246</b>	<b>25.5</b>
<b>Operating expenses</b>								
Selling and marketing expenses	10,951	6.1	18,605	6.1	27,382	6.0	52,645	6.1
General and administrative expenses	5,831	3.3	15,296	5.0	16,878	3.7	56,965	6.6
Research and development expenses	377	0.2	2,582	0.9	1,581	0.3	7,435	0.9
Losses on disposal of property and equipment	—	—	45	—	—	—	213	—
<b>Total operating expenses</b>	<b>17,159</b>	<b>9.6</b>	<b>36,528</b>	<b>12.0</b>	<b>45,841</b>	<b>10.0</b>	<b>117,258</b>	<b>13.6</b>
<b>Operating income</b>	<b>31,699</b>	<b>17.8</b>	<b>40,723</b>	<b>13.4</b>	<b>72,955</b>	<b>15.9</b>	<b>102,988</b>	<b>11.9</b>
Interest expense	(215)	(0.1)	(87)	—	(1,132)	(0.2)	(227)	—
Interest income	937	0.5	2,703	0.9	2,011	0.4	6,556	0.8
Foreign currency exchange gains (losses), net	(2,723)	(1.5)	3,337	1.1	(2,153)	(0.5)	(479)	(0.1)
Government grants	78	—	21	—	473	0.1	29	—
Others, net	15	—	1,177	0.4	(7)	—	1,361	0.2
<b>Income before income taxes</b>	<b>29,791</b>	<b>16.7</b>	<b>47,874</b>	<b>15.8</b>	<b>72,147</b>	<b>15.7</b>	<b>110,228</b>	<b>12.7</b>
Income tax expense	(5,589)	(3.1)	(7,189)	(2.4)	(13,614)	(3.0)	(15,379)	(1.8)
<b>Net income</b>	<b>\$ 24,202</b>	<b>13.6</b>	<b>\$ 40,685</b>	<b>13.4</b>	<b>\$ 58,533</b>	<b>12.7</b>	<b>\$ 94,849</b>	<b>11.0</b>

### Comparison of Three Months Ended September 30, 2024 and 2023

#### Revenues

Our revenues, which primarily consist of service revenues generated from GigaCloud 3P and product revenues generated from GigaCloud 1P and off-platform ecommerce sales, increased by 70.2% from \$178.2 million in the three months ended September 30, 2023 to \$303.3 million in the three months ended September 30, 2024. This increase was primarily due to the increased market recognition and scale of our GigaCloud Marketplace, leading to increases in our GigaCloud Marketplace GMV, sales volume and number of sellers and buyers.

- *Service Revenues from GigaCloud 3P.* Our service revenues increased by 95.0% from \$51.5 million in the three months ended September 30, 2023 to \$100.4 million in the three months ended September 30, 2024. The increase was attributable to:
  - an increase in revenues from last mile delivery services by 33.8% from \$27.8 million in the three months ended September 30, 2023 to \$37.2 million in the three months ended September 30, 2024 as our GigaCloud Marketplace GMV and delivery volume continued to increase;

- an increase in revenues from ocean transportation services by 385.2% from \$5.4 million in the three months ended September 30, 2023 to \$26.2 million in the three months ended September 30, 2024 as our GigaCloud Marketplace GMV and delivery volume continued to increase, as well as an increase in the pricing of ocean transportation services during the period;
- an increase in revenues from warehousing services by 117.2% from \$5.8 million in the three months ended September 30, 2023 to \$12.6 million in the three months ended September 30, 2024 as we handled more products as our GigaCloud Marketplace GMV continued to increase;
- an increase in revenues from packaging services by 66.7% from \$4.5 million in the three months ended September 30, 2023 to \$7.5 million in the three months ended September 30, 2024 as we handled more products as our GigaCloud Marketplace GMV continued to increase;
- an increase in revenues from drayage services by 67.9% from \$2.8 million in the three months ended September 30, 2023 to \$4.7 million in the three months ended September 30, 2024 as we handled more products as our GigaCloud Marketplace GMV continued to increase;
- an increase in revenues from platform commission by 50.0% from \$2.8 million in the three months ended September 30, 2023 to \$4.2 million in the three months ended September 30, 2024 as our GigaCloud Marketplace GMV increased; and
- an increase in revenues from other services by 243.5% from \$2.3 million in the three months ended September 30, 2023 to \$7.9 million in the three months ended September 30, 2024, primarily due to an increase in other supplemental fulfillment services provided by our Marketplace compared to the previous period and inclusion of subscription revenues from Wondersign in the three months ended September 30, 2024.
- *Product Revenues from GigaCloud IP.* Our product revenues from GigaCloud IP increased by 31.6% from \$80.4 million in the three months ended September 30, 2023 to \$105.8 million in the three months ended September 30, 2024. The increase was primarily due to increases in GigaCloud Marketplace GMV and the number of buyers as our marketplace continued to grow in scale.
- *Product Revenues from Off-platform Ecommerce.* Our product revenues from off-platform ecommerce increased by 109.5% from \$46.3 million in the three months ended September 30, 2023 to \$97.0 million in the three months ended September 30, 2024. The increase was primarily due to increases in sales channels and increases in sales volume on certain third-party off-platform ecommerce channels.

### **Cost of Revenues**

Our cost of revenues increased by 74.9% from \$129.3 million in the three months ended September 30, 2023 to \$226.1 million in the three months ended September 30, 2024.

- Our cost of services increased by 93.8% from \$40.4 million in the three months ended September 30, 2023 to \$78.3 million in the three months ended September 30, 2024, primarily due to:
  - an increase in delivery cost by 87.8% from \$29.6 million in the three months ended September 30, 2023 to \$55.6 million in the three months ended September 30, 2024 as ocean freight costs and products handled increased during the period;
  - an increase in rental cost by 161.8% from \$5.5 million in the three months ended September 30, 2023 to \$14.4 million in the three months ended September 30, 2024 as we increased the number of fulfillment centers to 37 globally in the three months ended September 30, 2024 to meet increased demand during the period;
  - an increase in staff cost by 122.2% from \$2.7 million in the three months ended September 30, 2023 to \$6.0 million in the three months ended September 30, 2024 as we increased the number of employees; and
  - an increase in other cost by 216.7% from \$0.6 million in the three months ended September 30, 2023 to \$1.9 million in the three months ended September 30, 2024.
- Our cost of product sales increased by 66.3% from \$88.9 million in the three months ended September 30, 2023 to \$147.8 million in the three months ended September 30, 2024, primarily due to:

- an increase in product cost by 66.0% from \$67.9 million in the three months ended September 30, 2023 to \$112.7 million in the three months ended September 30, 2024 as sales volume, as well as shipping costs to procure our inventories, including ocean freight costs, increased during the period;
- an increase in delivery cost by 19.3% from \$11.4 million in the three months ended September 30, 2023 to \$13.6 million in the three months ended September 30, 2024 as sales volume increased;
- an increase in rental cost by 177.6% from \$4.9 million in the three months ended September 30, 2023 to \$13.6 million in the three months ended September 30, 2024, as we increased the number of fulfillment centers to 37 globally in the three months ended September 30, 2024 to meet increased demand during the period; and
- an increase in staff cost by 52.6% from \$3.8 million in the three months ended September 30, 2023 to \$5.8 million in the three months ended September 30, 2024 as we increased the number of employees.

### ***Gross Profit and Gross Margin***

As a result of the foregoing, our gross profit increased by 58.1% from \$48.9 million in the three months ended September 30, 2023 to \$77.3 million in the three months ended September 30, 2024. Our gross margin decreased from 27.4% in the three months ended September 30, 2023 to 25.5% in the three months ended September 30, 2024, primarily due to lower product gross margin resulting from product procured at increased fulfillment costs, partially offset by a higher service gross margin supported by our fixed rate ocean freight contracts that stabilized costs during the three months ended September 30, 2024.

### ***Selling and Marketing Expenses***

Our selling and marketing expenses increased by 69.1% from \$11.0 million in the three months ended September 30, 2023 to \$18.6 million in the three months ended September 30, 2024, which was primarily due to (i) an increase in staff cost related to selling and marketing personnel by 66.0% from \$5.0 million in the three months ended September 30, 2023 to \$8.3 million in the three months ended September 30, 2024 as we increased the number of sales and marketing personnel and the commission paid to them, (ii) an increase in platform service fee we incurred on certain third-party ecommerce websites by 60.4% from \$4.8 million in the three months ended September 30, 2023 to \$7.7 million in the three months ended September 30, 2024 as sales volume and sales channels both increased, and (iii) an increase in advertising expense by 128.6% from \$0.7 million in the three months ended September 30, 2023 to \$1.6 million in the three months ended September 30, 2024 as we increased our marketing efforts.

### ***General and Administrative Expenses***

Our general and administrative expenses increased by 163.8% from \$5.8 million in the three months ended September 30, 2023 to \$15.3 million in the three months ended September 30, 2024, which was primarily due to (i) an increase in rental expense by 525.0% from \$0.8 million in the three months ended September 30, 2023 to \$5.0 million in the three months ended September 30, 2024, primarily relating to expenses for certain newly acquired fulfillment centers that are currently under preparation for use that were included in rental expense in the three months ended September 30, 2024, (ii) an increase in staff cost related to general and administrative personnel by 87.0% from \$2.3 million in the three months ended September 30, 2023 to \$4.3 million in the three months ended September 30, 2024 as we increased the number of staff, (iii) an increase in professional service expense by 80.0% from \$1.5 million in the three months ended September 30, 2023 to \$2.7 million in the three months ended September 30, 2024 as we engaged additional professional services from our financial and legal advisors in the three months ended September 30, 2024 compared to the previous period, and (iv) an increase in other general and administrative expenses by 240.0% from \$0.5 million in the three months ended September 30, 2023 to \$1.7 million in the three months ended September 30, 2024.

### ***Research and Development Expenses***

Research and development expenses increased by 550.0% from \$0.4 million in the three months ended September 30, 2023 to \$2.6 million in the three months ended September 30, 2024. The increase was primarily due to our dedication in expanding our research and development efforts, including an increase in the number of research and development projects and the number of employees to perform research and development function in the three months ended September 30, 2024 compared to the previous period.

### ***Losses on Disposal of Property and Equipment***

We had losses on disposal of property and equipment of \$45 thousand in the three months ended September 30, 2024, compared to nil in the three months ended September 30, 2023.

### ***Interest Expense***

We had interest expenses of \$215.0 thousand in the three months ended September 30, 2023 and \$87.0 thousand in the three months ended September 30, 2024. The decrease was primarily attributable to a decrease in the balance of finance lease liabilities.

### ***Interest Income***

We had interest income of \$0.9 million in the three months ended September 30, 2023 and \$2.7 million in the three months ended September 30, 2024. The increase was primarily attributable to higher average bank deposits, wealth management products and investment and interest rates in the three months ended September 30, 2024 compared to the previous period.

### ***Foreign Currency Exchange Gains / (Losses), Net***

We had foreign currency exchange losses, net of \$2.7 million in the three months ended September 30, 2023, compared to foreign currency exchange gains, net of \$3.3 million in the three months ended September 30, 2024, primarily attributable to the appreciation of Japanese Yen and Euros over U.S. dollars in the three months ended September 30, 2024.

### ***Government Grants***

We had government grant of \$78 thousand and \$21 thousand in the three months ended September 30, 2023 and 2024, respectively.

### ***Others, net***

Others gains, net was \$15 thousand in the three months ended September 30, 2023 and others gains, net was \$1,177 thousand in the three months ended September 30, 2024.

### ***Income Tax Expense***

We had income tax expense of \$5.6 million and \$7.2 million in the three months ended September 30, 2023 and 2024, respectively.

### ***Net Income***

As a result of the foregoing, our net income was \$24.2 million and \$40.7 million in the three months ended September 30, 2023 and 2024, respectively.

### ***Comparison of Nine Months Ended September 30, 2024 and 2023***

#### ***Revenues***

Our revenues, which primarily consist of service revenues generated from GigaCloud 3P and product revenues generated from GigaCloud 1P and off-platform ecommerce sales, increased by 88.5% from \$459.1 million in the nine months ended September 30, 2023 to \$865.3 million in the nine months ended September 30, 2024. This increase was primarily due to the increased market recognition and scale of our GigaCloud Marketplace, leading to increases in our GigaCloud Marketplace GMV, sales volume and number of sellers and buyers.

- *Service Revenues from GigaCloud 3P.* Our service revenues increased by 95.1% from \$129.8 million in the nine months ended September 30, 2023 to \$253.2 million in the nine months ended September 30, 2024. The increase was attributable to:
  - an increase in revenues from last mile delivery services by 58.0% from \$69.3 million in the nine months ended September 30, 2023 to \$109.5 million in the nine months ended September 30, 2024 as our GigaCloud Marketplace GMV and delivery volume continued to increase;
  - an increase in revenues from ocean transportation services by 325.6% from \$12.1 million in the nine months ended September 30, 2023 to \$51.5 million in the nine months ended September 30, 2024 as

our GigaCloud Marketplace GMV and delivery volume continued to increase, as well as an increase in the pricing of ocean transportation services during the period;

- an increase in revenues from warehousing services by 87.5% from \$16.8 million in the nine months ended September 30, 2023 to \$31.5 million in the nine months ended September 30, 2024 as we handled more products as our GigaCloud Marketplace GMV continued to increase;
  - an increase in revenues from packaging services by 89.4% from \$11.3 million in the nine months ended September 30, 2023 to \$21.4 million in the nine months ended September 30, 2024 as we handled more products as our GigaCloud Marketplace GMV continued to increase;
  - an increase in revenues from platform commission by 59.7% from \$7.7 million in the nine months ended September 30, 2023 to \$12.3 million in the nine months ended September 30, 2024 as our GigaCloud Marketplace GMV continued to increase;
  - an increase in revenues from drayage services by 75.0% from \$6.8 million in the nine months ended September 30, 2023 to \$11.9 million in the nine months ended September 30, 2024 as our GigaCloud Marketplace GMV and delivery volume continued to increase; and
  - an increase in revenues from other services by 156.9% from \$5.8 million in the nine months ended September 30, 2023 to \$14.9 million in the nine months ended September 30, 2024, primarily due to an increase in other supplemental fulfillment services provided by our Marketplace compared to the previous period and inclusion of subscription revenues from Wondersign in the nine months ended September 30, 2024.
- *Product Revenues from GigaCloud 1P.* Our product revenues from GigaCloud 1P increased by 41.0% from \$211.6 million in the nine months ended September 30, 2023 to \$298.4 million in the nine months ended September 30, 2024. The increase was primarily due to increases in GigaCloud Marketplace GMV and the number of buyers as our marketplace continued to grow in scale.
  - *Product Revenues from Off-platform Ecommerce.* Our product revenues from off-platform ecommerce increased by 166.3% from \$117.6 million in the nine months ended September 30, 2023 to \$313.2 million in the nine months ended September 30, 2024. The increase was primarily due to increases in sales channels and increases in sales volume on certain third-party off-platform ecommerce channels.

### **Cost of Revenues**

Our cost of revenues increased by 89.5% from \$340.3 million in the nine months ended September 30, 2023 to \$645.0 million in the nine months ended September 30, 2024.

- Our cost of services increased by 99.0% from \$103.9 million in the nine months ended September 30, 2023 to \$206.8 million in the nine months ended September 30, 2024, primarily due to:
  - an increase in delivery cost by 93.6% from \$76.1 million in the nine months ended September 30, 2023 to \$147.3 million in the nine months ended September 30, 2024 as ocean freight costs and products handled increased during the period;
  - an increase in rental cost by 146.2% from \$14.5 million in the nine months ended September 30, 2023 to \$35.7 million in the nine months ended September 30, 2024 as we increased the number of fulfillment centers to 37 globally in the nine months ended September 30, 2024 to meet increased demand during the period;
  - an increase in staff cost by 72.7% from \$9.9 million in the nine months ended September 30, 2023 to \$17.1 million in the nine months ended September 30, 2024 as we increased the number of employees; and
  - an increase in other cost of services by 300.0% from \$0.9 million in the nine months ended September 30, 2023 to \$3.6 million in the nine months ended September 30, 2024.
- Our cost of product sales increased by 85.4% from \$236.4 million in the nine months ended September 30, 2023 to \$438.3 million in the nine months ended September 30, 2024, primarily due to:
  - an increase in product cost by 80.4% from \$181.2 million in the nine months ended September 30, 2023 to \$326.8 million in the nine months ended September 30, 2024 as sales volume, as well as shipping costs to procure our inventories, including ocean freight costs, increased during the period;

- an increase in delivery cost by 51.7% from \$31.5 million in the nine months ended September 30, 2023 to \$47.8 million in the nine months ended September 30, 2024 consistent with the increase in our sales volume;
- an increase in rental cost by 190.0% from \$14.0 million in the nine months ended September 30, 2023 to \$40.6 million in the nine months ended September 30, 2024, as we increased the number of fulfillment centers to 37 globally in the nine months ended September 30, 2024 to meet increased demand during the period; and
- an increase in staff cost by 107.5% from \$8.0 million in the nine months ended September 30, 2023 to \$16.6 million in the nine months ended September 30, 2024 as we increased the number of employees.

### ***Gross Profit and Gross Margin***

As a result of the foregoing, our gross profit increased by 85.4% from \$118.8 million in the nine months ended September 30, 2023 to \$220.2 million in the nine months ended September 30, 2024. Our gross margin was 25.9% in the nine months ended September 30, 2023, compared to 25.5% in the nine months ended September 30, 2024. This change was primarily due to a lower service gross margin from increased costs relating to our expanded fulfillment centers network.

### ***Selling and Marketing Expenses***

Our selling and marketing expenses increased by 92.0% from \$27.4 million in the nine months ended September 30, 2023 to \$52.6 million in the nine months ended September 30, 2024, which was primarily due to (i) an increase in platform service fee we incurred on certain third-party ecommerce websites by 97.3% from \$11.2 million in the nine months ended September 30, 2023 to \$22.1 million in the nine months ended September 30, 2024 as sales volume and sales channels both increased, (ii) an increase in staff cost related to selling and marketing personnel by 73.3% from \$13.5 million in the nine months ended September 30, 2023 to \$23.4 million in the nine months ended September 30, 2024 primarily due to higher share-based compensation expenses linked to higher share prices for awards granted and vested in 2024, and (iii) an increase in advertising expense by 182.4% from \$1.7 million in the nine months ended September 30, 2023 to \$4.8 million in the nine months ended September 30, 2024 as we increased our marketing efforts.

### ***General and Administrative Expenses***

Our general and administrative expenses increased by 237.3% from \$16.9 million in the nine months ended September 30, 2023 to \$57.0 million in the nine months ended September 30, 2024, which was primarily due to (i) an increase in staff cost related to general and administrative personnel by 215.4% from \$7.8 million in the nine months ended September 30, 2023 to \$24.6 million in the nine months ended September 30, 2024 primarily due to higher share-based compensation expenses linked to higher share prices for awards granted and vested in the nine months ended September 30, 2024 and an increased number of staff, (ii) an increase in rental expense by 604.8% from \$2.1 million in the nine months ended September 30, 2023 to \$14.8 million in the nine months ended September 30, 2024, primarily because the expenses for certain newly acquired fulfillment centers that are currently under preparation for use were included in rental expense in the nine months ended September 30, 2024, as compared to cost of revenues in the nine months ended September 30, 2023, as well as an increase in the number of corporate offices in the nine months ended September 30, 2024 compared to the previous period, (iii) an increase in professional service expense by 102.6% from \$3.8 million in the nine months ended September 30, 2023 to \$7.7 million in the nine months ended September 30, 2024 as we engaged additional professional services from our financial and legal advisors in the nine months ended September 30, 2024 compared to the previous period, and (iv) an increase in property insurance expense by 285.7% from \$0.7 million in the nine months ended September 30, 2023 to \$2.7 million in the nine months ended September 30, 2024.

### ***Research and Development Expenses***

Research and development expenses increased by 362.5% from \$1.6 million in the nine months ended September 30, 2023 to \$7.4 million in the nine months ended September 30, 2024. The increase was primarily due to our dedication in expanding our research and development efforts, including an increase in the number of research and development projects and the number of employees to perform research and development function, as well as share-based compensation expenses incurred for awards granted and vested to research and development personnel in nine months ended September 30, 2024 compared to the previous period.

***Losses on Disposal of Property and Equipment***

We had losses on disposal of property and equipment of \$213 thousand in the nine months ended September 30, 2024, compared to nil in the nine months ended September 30, 2023.

***Interest Expense***

We had interest expenses of \$1.1 million in the nine months ended September 30, 2023 and \$0.2 million in the nine months ended September 30, 2024. The decrease was primarily attributable to a decrease in the balance of finance lease liabilities.

***Interest Income***

We had interest income of \$2.0 million in the nine months ended September 30, 2023 and \$6.6 million in the nine months ended September 30, 2024. The increase was primarily attributable to higher average bank deposits, wealth management products and investment and interest rates in the nine months ended September 30, 2024 compared to the previous period.

***Foreign Currency Exchange Losses, Net***

We had foreign currency exchange losses, net of \$2.2 million in the nine months ended September 30, 2023, compared to foreign currency exchange losses, net of \$0.5 million in the nine months ended September 30, 2024. This was primarily attributable to foreign currency exchange losses from the depreciation of Japanese Yen over U.S. dollars during the first half of 2024, largely offset by the gains from the appreciation of Japanese Yen and Euros over U.S. dollars during the three months ended September 30, 2024.

***Government Grants***

We had government grant of \$473 thousand and \$29 thousand in the nine months ended September 30, 2023 and 2024, respectively.

***Others, net***

Others losses, net was \$7 thousand in the nine months ended September 30, 2023 and others gains, net was \$1.4 million in the nine months ended September 30, 2024, primarily attributable to foreign currency translation gains from the dissolution of a non-principal subsidiary, as well as net gains from other non-operating income and expenses.

***Income Tax Expense***

We had income tax expense of \$13.6 million and \$15.4 million in the nine months ended September 30, 2023 and 2024, respectively.

***Net Income***

As a result of the foregoing, our net income was \$58.5 million and \$94.8 million in the nine months ended September 30, 2023 and 2024, respectively.

**Segment Information for the Three and Nine Months Ended September 30, 2023 and 2024**

For the purpose of internal reporting and management's operation review, we do not segregate our business by revenue stream or geography. Our management has determined that our company has one operating segment. See Note 1, Summary of Significant Accounting Policies, in the notes to the unaudited condensed consolidated financial statements included elsewhere in this quarterly report.

Long-lived assets consist of property and equipment and operating lease right-of-use assets. The geographic information for long-lived assets as of December 31, 2023 and September 30, 2024 was as follows:



	December 31, 2023	September 30, 2024
	(In thousands) (unaudited)	
The United States	\$ 400,554	\$ 476,306
Others	22,982	28,731
<b>Total long-lived assets</b>	<b>\$ 423,536</b>	<b>\$ 505,037</b>

Revenues reported are attributed to geographic areas based on locations of our fulfillment centers, except for platform commission revenues which are attributed to Hong Kong, where the server of GigaCloud Marketplace is located. The following table sets forth the breakdown of our revenues by geographic regions for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2024	2023	2024
	(In thousands) (unaudited)			
<b>Revenues by geographic regions:</b>				
<b>Service revenues</b>	\$ 51,474	\$ 100,373	\$ 129,848	\$ 253,166
<b>Platform commission</b>	2,796	4,245	7,689	12,322
Hong Kong	2,796	4,245	7,689	12,322
<b>Ocean transportation service</b>	5,442	26,242	12,149	51,547
United States	5,420	25,984	12,075	51,161
Others <sup>(1)</sup>	22	258	74	386
<b>Warehousing service</b>	5,828	12,603	16,789	31,519
United States	5,637	12,322	16,168	30,738
Others <sup>(1)</sup>	191	281	621	781
<b>Last-mile delivery service</b>	27,763	37,244	69,287	109,549
United States	26,641	31,583	66,677	98,161
Germany	951	5,220	1,907	10,315
Others <sup>(1)</sup>	171	441	703	1,073
<b>Packaging service</b>	4,529	7,480	11,317	21,445
United States	4,205	6,463	10,581	19,137
Germany	247	910	474	2,035
Others <sup>(1)</sup>	77	107	262	273
<b>Drayage service</b>	2,814	4,706	6,794	11,873
United States	2,785	4,566	6,728	11,718
Others <sup>(1)</sup>	29	140	66	155
<b>Others</b>	2,302	7,853	5,823	14,911
United States	2,083	7,699	5,331	14,100
Others <sup>(1)</sup>	219	154	492	811
<b>Product revenues</b>	126,693	202,943	329,246	612,094
United States	90,413	138,258	240,501	447,646
Japan	10,926	12,277	32,500	32,797
Germany	21,649	46,764	44,912	116,129
Others <sup>(1)</sup>	3,705	5,644	11,333	15,522
<b>Total revenues</b>	<b>\$ 178,167</b>	<b>\$ 303,316</b>	<b>\$ 459,094</b>	<b>\$ 865,260</b>

(1) No other individual region's revenues exceeded 10% of our total revenues for the three and nine months ended September 30, 2023 and 2024.

#### Non-GAAP Financial Measure

To supplement our unaudited condensed consolidated financial statements, which are prepared and presented in accordance with U.S. GAAP, we use certain non-GAAP financial measures, including Adjusted EBITDA and Adjusted EPS – diluted, to understand and evaluate our core operating performance. Adjusted EBITDA is net income excluding interest, income taxes and depreciation and amortization, further adjusted to exclude share-based compensation expenses and non-recurring items. Adjusted EPS – diluted is a financial measure defined as our Adjusted EBITDA divided by our diluted weighted-average shares outstanding. Management uses Adjusted EBITDA and Adjusted EPS – diluted as measures of operating performance, for planning purposes, to allocate resources to enhance the financial performance of our business, to evaluate the effectiveness of our business strategies and in communications with our Board of Directors and investors concerning our financial performance. Non-GAAP financial measures, which may differ from similarly titled measures used by other companies, are presented to enhance investors’ overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with U.S. GAAP. The table below sets forth a reconciliation of Adjusted EBITDA for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2024	2023	2024
	(In thousands)			
<b>Net income</b>	\$ 24,202	\$ 40,685	\$ 58,533	\$ 94,849
Add: Income tax expense	5,589	7,189	13,614	15,379
Add: Interest expense	215	87	1,132	227
Less: Interest income	(937)	(2,703)	(2,011)	(6,556)
Add: Depreciation and amortization	390	2,108	1,150	6,253
Add: Share-based compensation expense	317	1,433	2,074	15,580
Add: Non-recurring items <sup>(1)</sup>	—	—	—	308
<b>Adjusted EBITDA</b>	<b>\$ 29,776</b>	<b>\$ 48,799</b>	<b>\$ 74,492</b>	<b>\$ 126,040</b>

(1) One of our fulfillment centers in Japan experienced a fire in March 2024. We recognized losses as a result of the fire. Based on the provisions of our insurance policy, the gross losses have been reduced by the estimated insurance proceeds expected to be received from our insurance carrier. We have determined that partial recovery of the incurred losses is probable and therefore recorded net losses of \$308 thousands in the nine months ended September 30, 2024. We do not believe such losses to be recurring or frequent in nature.

The table below sets forth a reconciliation of Adjusted EPS – diluted for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2024	2023	2024
<b>Net income per ordinary share – diluted</b>	<b>\$ 0.59</b>	<b>\$ 0.98</b>	<b>\$ 1.43</b>	<b>\$ 2.30</b>
Adjustments, per ordinary share:				
Add: Income tax expense	0.14	0.17	0.33	0.37
Add: Interest expense	0.01	—	0.03	0.01
Less: Interest income	(0.02)	(0.07)	(0.05)	(0.16)
Add: Depreciation and amortization	0.01	0.05	0.03	0.15
Add: Share-based compensation expenses	0.01	0.02	0.05	0.38
Add: Non-recurring items <sup>(1)</sup>	—	—	—	0.01
<b>Adjusted EPS – diluted</b>	<b>\$ 0.74</b>	<b>\$ 1.15</b>	<b>\$ 1.82</b>	<b>\$ 3.06</b>
Weighted average number of ordinary shares outstanding - diluted	40,878,759	41,395,001	40,881,065	41,258,416

(1) One of our fulfillment centers in Japan experienced a fire in March 2024. We recognized losses as a result of the fire. Based on the provisions of our insurance policy, the gross losses have been reduced by the estimated insurance proceeds expected to be received from our insurance carrier. We

have determined that partial recovery of the incurred losses is probable and therefore recorded net losses of \$308 thousands in the nine months ended September 30, 2024. We do not believe such losses to be recurring or frequent in nature.

## Liquidity and Capital Resources

### Liquidity

To date, we have financed our operating and investing activities mainly through cash generated from our business. As of September 30, 2024, we had \$217.6 million in cash and cash equivalents and \$0.7 million in restricted cash.

In July 2022, we entered into a two-year credit facility agreement with Wells Fargo Bank, National Association, under which we are able to borrow up to \$50 million during the term of the facility. The credit facility also requires us to comply with various customary covenants and other restrictions. In July 2024, we renewed the credit facility with a maturity date of June 30, 2026. As of the date of this quarterly report, we have not made any draw down from this credit facility.

We believe our cash on hand will be sufficient to meet our current and anticipated needs for general corporate purposes for at least the next 12 months. We may, however, need additional cash resources in the future if we experience changes in business conditions or other developments. We may also need additional cash resources in the future if we find and wish to pursue opportunities for investment, acquisition, capital expenditure or similar actions. If we determine that our cash requirements exceed the amount of cash we have on hand, we may seek to issue equity or equity-linked securities or obtain debt financing. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

As a Cayman Islands exempted company and offshore holding company, we are permitted under PRC laws and regulations to provide funding to our PRC Subsidiaries only through loans or capital contributions, subject to relevant approval, filing and/or reporting with respect to government authorities and limits on the amount of capital contributions and loans. This may delay us from making loans or capital contributions to our PRC Subsidiaries, if any. See “Item 1A. Risk Factors—Risks Related to Doing Business in China—PRC regulation of loans to, and direct investments in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent us to make loans or additional capital contributions to our PRC Subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.” including in the 2023 Form 10-K.

The following table sets forth a summary of our cash flows for the periods presented:

	<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2024</b>
	<b>(In thousands)</b>	
	<b>(unaudited)</b>	
<b>Summary of Condensed Consolidated Statement of Cash Flow Data:</b>		
Net cash provided by operating activities	\$ 82,722	\$ 89,660
Net cash used in investing activities	(9,321)	(54,042)
Net cash used in financing activities	(3,434)	(1,589)
Effect of foreign currency exchange rate changes on cash, cash equivalents and restricted cash	(151)	130
Net increase in cash, cash equivalents and restricted cash	\$ 69,816	\$ 34,159
Cash, cash equivalents and restricted cash at the beginning of the period	\$ 145,076	\$ 184,168
Cash, cash equivalents and restricted cash at the end of the period	\$ 214,892	\$ 218,327

### Operating Activities

Net cash provided by operating activities in the nine months ended September 30, 2024 was \$89.7 million. This was attributable to net income of \$94.8 million, as adjusted by non-cash items and the effects of changes in working

capital and other activities. Adjustments for non-cash items primarily consisted of (i) operating lease of \$25.2 million, (ii) share-based compensation of \$15.6 million for awards granted and vested during the period, (iii) deferred income tax benefit of \$8.0 million, (iv) depreciation and amortization of \$6.3 million and (v) unrealized foreign currency exchange gains of \$2.0 million. Changes in working capital primarily consisted of (i) an increase of \$52.6 million in inventory, (ii) an increase of \$14.1 million in accrued expenses and other current liabilities for deposits received or customer payables on our GigaCloud Marketplace, (iii) an increase in income tax payable of \$5.9 million, (iv) an increase of \$5.2 million in prepayments and other assets, (v) an increase in accounts receivables of \$3.8 million and (vi) a decrease of \$3.1 million in accounts payable.

Net cash provided by operating activities in the nine months ended September 30, 2023 was \$82.7 million. This was attributable to net income of \$58.5 million, as adjusted by non-cash items and the effects of changes in working capital and other activities. Adjustments for non-cash items primarily consisted of (i) share-based compensation of \$2.1 million, (ii) depreciation and amortization of \$1.2 million and (iii) operating lease of \$1.3 million. Changes in working capital primarily consisted of (i) an increase of \$19.0 million in accrued expenses and other current liabilities, (ii) an increase of \$8.3 million in accounts payable, (iii) an increase of \$6.9 million in prepayments and other assets, (iv) an increase of \$5.7 million in income tax payable, (v) an increase of \$4.9 million in inventories and (vi) an increase of \$4.5 million in accounts receivable.

### ***Investing Activities***

Net cash used in investing activities in the nine months ended September 30, 2024 was \$54.0 million, consisting of purchases of investments of \$53.5 million for U.S. treasury bonds and other wealth management products, and cash paid for purchase of property and equipment of \$14.0 million, partially offset by sale and maturities of investments of \$11.8 million and cash received from disposal of property and equipment of \$1.7 million.

Net cash used in investing activities in the nine months ended September 30, 2023 was \$9.3 million, primarily consisting of advances of \$8.5 million paid for the Noble House acquisition and cash paid for purchase of property and equipment of \$0.8 million.

### ***Financing Activities***

Net cash used in financing activities in the nine months ended September 30, 2024 was \$1.6 million, consisting solely of repayment of finance lease obligations.

Net cash used in financing activities in the nine months ended September 30, 2023 was \$3.4 million, primarily consisting of repayment of finance obligations of \$1.7 million and payment for share repurchase of \$1.6 million.

### ***Share Repurchase Program***

In June 2023, we announced that our board of directors approved a share repurchase program to repurchase up to US\$25.0 million of our Class A ordinary shares over the next 12 months, which expired in June 2024. On September 3, 2024, we announced that our board of directors approved a new share repurchase program under which we may purchase up to \$46.0 million of our Class A ordinary shares, par value \$0.05, over a 12-month period. Under the share repurchase program, we may purchase our ordinary shares through various means, including open market transactions, privately negotiated transactions, block trades, any combination thereof or other legally permissible means. We may effect repurchase transactions in compliance with Rule 10b5-1 and Rule 10b-18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The number of shares repurchased and the timing of repurchases will depend on a number of factors, including, but not limited to, price, trading volume and general market conditions, along with our working capital requirements, general business conditions and other factors. Our board of directors will review the share repurchase program periodically, and may modify, suspend or terminate the share repurchase program at any time. We plan to fund repurchases from our existing cash balance.

During the third quarter of 2024, we did not make any repurchase of our Class A ordinary shares. Since the establishment of the new share repurchase program, between October 1, 2024 and November 6, 2024, the Company has repurchased an aggregate of 468,559 Class A ordinary shares in the open market at a total consideration of approximately \$11.4 million pursuant to a repurchase plan under Rule 10b5-1 of the Exchange Act which we entered into on September 27, 2024.

### ***Capital Resources***

Our capital expenditures consist primarily of purchase of property and equipment. Our capital expenditures were \$0.8 million and \$14.0 million in September 30, 2023 and 2024, respectively. We intend to fund our future capital

expenditures with our existing cash balance, short-term investments and anticipated cash flows from operations. We will continue to make well-planned capital expenditures to meet the expected growth of our business.

### Contractual Obligations

The following table sets forth our contractual obligations as of September 30, 2024:

	Total	Payment Due by Year		
		Within 2024	2025 – 2027	After 2028
(In thousands)				
Lease commitment <sup>(1)</sup>				
Operating leases	\$ 565,349	\$ 23,366	\$ 313,294	\$ 228,689
Finance leases	842	137	496	209
<b>Total</b>	<b>\$ 566,191</b>	<b>\$ 23,503</b>	<b>\$ 313,790</b>	<b>\$ 228,898</b>

(1) Lease commitment consists of the commitments under the lease agreements for our fulfillment centers and storage shelves.

Except for those disclosed above, we did not have any significant capital or other commitments, long-term obligations, or guarantees as of September 30, 2024.

### Off-Balance Sheet Commitments and Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any unconsolidated third parties. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholders' equity or that are not reflected in our unaudited condensed consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. Moreover, we do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

### Holding Company Structure

The Cayman Islands currently has no exchange control regulations or currency restrictions which may affect the import or export of capital, including the availability of cash and cash equivalents for use by our company, or the remittance of dividends, interest or other payments to non-resident holders of our securities.

Our company, GigaCloud Technology Inc, is a holding company incorporated in the Cayman Islands with no material operations of its own and is not a direct Chinese or Hong Kong operating company. We conduct our operations primarily through our principal subsidiaries. As a result, our ability to pay dividends depends upon dividends paid by our subsidiaries. If our subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us.

In addition, as determined in accordance with local regulations, our subsidiaries in certain of our markets may be restricted from paying us dividends offshore or from transferring a portion of their assets to us, whether in the form of dividends, loans or advances, unless certain requirements are met or regulatory approvals are obtained. In addition, our subsidiaries may be restricted in their ability to pay dividends or distributions or make other transfers to us as a result of the laws of their respective jurisdictions of organization and agreements of our subsidiaries. See "Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Dividends" of the 2023 Form 10-K. Even though we currently do not require any such dividends, loans or advances from our entities for working capital and other funding purposes, we may in the future require additional cash resources from them due to changes in business conditions, to fund future acquisitions and development, or merely to declare and pay dividends or distributions to our shareholders.

### Trend Information

Other than as disclosed elsewhere in this quarterly report, we are not aware of any known trends, uncertainties, demands, commitments or events for the nine months ended September 30, 2024 that are reasonably likely to have a material adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that are reasonably likely to cause a material change in the relationship between costs and revenues, or that would cause reported financial information to be not necessarily indicative of future operating results or financial conditions.

## **Critical Accounting Estimates**

We prepare our financial statements in conformity with U.S. GAAP. The preparation of these financial statements requires our management to make estimates and assumptions based on the most recently available information, our own historical experience and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates. For the fiscal quarter ended September 30, 2024, we had not identified critical accounting estimates that involve a significant level of estimation uncertainty and would have a material impact on our results. There have been no material changes to our critical accounting policies and estimates as compared to the critical accounting policies and estimates disclosed in the 2023 Form 10-K.

## **Recent Accounting Pronouncements**

A list of recently issued accounting pronouncements that are relevant to us is included in Note 1 “Recent accounting pronouncements” to our unaudited condensed consolidated financial statements included elsewhere in this quarterly report.

## **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

There have been no material changes in our exposures to market risk since December 31, 2023. See “Part II—Item 7A—Quantitative and Qualitative Disclosures about Market Risk” included in the 2023 Form 10-K for a discussion on our exposures to market risk.

## **Item 4. Controls and Procedures**

### ***Disclosure Controls and Procedures***

Our management, with the participation of our principal executive and principal financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this quarterly report, as required by Rule 13a-15(b) under the Exchange Act.

Based upon that evaluation, our management has concluded that, as of September 30, 2024, our disclosure controls and procedures were not effective because we identified two material weaknesses in our internal control over financial reporting. The material weaknesses that have been identified relate to (i) our lack of sufficient financial reporting and accounting personnel with appropriate knowledge of U.S. GAAP and the SEC reporting requirements to formalize, design, implement and operate key controls over financial reporting process to address complex U.S. GAAP accounting issues and related disclosures in accordance with U.S. GAAP and financial reporting requirements set forth by the SEC, which could result in misstatements in relevant financial statement accounts and disclosures, and (ii) the design and implementation of our internal control over the independent review of journal entries due to the absence of formalized accounting policies and procedures, as well as inappropriate segregation of duties specific to the preparation and review of journal entries, which could result in misstatements not being timely prevented or detected, with potentially impact on all financial statement accounts and disclosures.

We are in the process of implementing a number of measures to address the material weaknesses identified, including: (1) hiring additional accounting and financial reporting personnel with U.S. GAAP and SEC reporting experience, (2) expanding the capabilities of existing accounting and financial reporting personnel through continuous training and education in the accounting and reporting requirements under U.S. GAAP and SEC rules and regulations, (3) establishing clear roles and responsibilities to develop and implement formal comprehensive financial period-end closing policies and procedures to ensure all transactions are properly recorded and disclosed, (4) establishing effective monitoring and oversight controls for non-recurring and complex transactions to ensure the accuracy and completeness of our consolidated financial statements and related disclosures and (5) designing and implementing formal accounting policies with periodic reviews, procedures and controls supporting our period-end financial reporting process, including controls over the preparation and review of account reconciliations and journal entries. The process of designing and implementing an effective financial reporting system is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a financial reporting system that is adequate to satisfy our reporting obligation.

### ***Changes in Internal Control over Financial Reporting***

We are taking actions to remediate the material weaknesses relating to our internal control over financial reporting, as described above. We are currently assessing the operating effectiveness of the remediated or new controls. Except as otherwise described herein, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter ended September 30, 2024 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II—OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

From time to time, we may be involved in claims that arise during the ordinary course of business. Regardless of the outcome, litigation can be costly and time-consuming, as it can divert management's attention from important business matters and initiatives, negatively impacting our overall operations. In addition, we may also find ourselves at greater risk to outside party claims as we increase our operations in jurisdictions where the laws with respect to the potential liability of online retailers are uncertain, unfavorable or unclear.

#### **Southern District of New York Litigation Matter, In Re GigaCloud Technology Inc Securities Litigation, No. 1:23-cv-10645-JMF (S.D.N.Y.)**

In October 2023, two GigaCloud shareholders separately brought putative securities class actions in the United States District Court for the Central District of California. On November 27, 2023, the United States District Court for the Central District of California granted the parties' stipulations to transfer both cases to United States District Court for the Southern District of New York. On January 12, 2024, the Southern District of New York granted plaintiffs' stipulation to consolidate the two lawsuits into one and appoint Sashi Rajan and Meir Spear as co-lead plaintiffs. On March 18, 2024, lead plaintiffs filed the first amended complaint against us and certain of our current and former directors and officers, alleging that defendants made false and misleading statements concerning our use of artificial intelligence and machine learning in violation of U.S. securities laws. On May 17, 2024, we filed a motion to dismiss lead plaintiffs' claims. On May 20, 2024, the Court entered an order giving lead plaintiffs one opportunity to amend their complaint to address issues raised in the May 17, 2024 motion to dismiss. On June 28, 2024, lead plaintiffs filed the second amended complaint. The second amended complaint alleges both false and misleading statements concerning our use of artificial intelligence and machine learning and false and misleading statements about revenue of the GigaCloud Marketplace. We believe that the claims asserted in the second amended complaint are without merit and have moved to dismiss the case. Although the outcome of any complex litigation is inherently uncertain, based on information presently known to management, we do not believe that the matters are likely to have a material impact on our financial condition.

### **Item 1A. Risk Factors.**

We are subject to risks and uncertainties that could, directly or indirectly, adversely affect our business, results of operations, financial condition, liquidity, cash flows, strategies, and/or prospects. We have reviewed the risk factors appeared in "Part I—Item 1A—Risk Factors" in the 2023 Form 10-K, and, except as presented below, there have been no material changes in our risk factors previously disclosed in the 2023 Form 10-K.

***We depend on our relationships with third parties, including third-party trucking and freight service companies, and changes in our relationships with these parties could adversely impact our revenues and profits.***

We rely on third parties to operate certain elements of our business. For example, we rely on third-party national, regional and local trucking and freight service companies to deliver our large parcel merchandise. As a result, we may be subject to shipping delays or disruptions caused by inclement weather, natural disasters, system interruptions and technology failures, political instability, military conflicts, labor activism, health epidemics or bioterrorism. For example, following the initial conflict between Israel and Hamas in the Middle East, the Houthi movement in Yemen launched a number of attacks on marine vessels traversing the Red Sea causing significant operational disruptions for certain third-party business partners. The conflict is ongoing, and should it escalate or expand, it could result in delays, increased shipping and freight costs, and potential disruptions to the arrival of our products. We have in the past entered, and may from time to time enter, into fixed-rate contracts with third-party transportation service providers to mitigate the impact against any further increase in ocean freight costs in the short term. If the prevailing market ocean freight rates decline to rates lower than our contracted rates, our costs and profitability may be negatively impacted. We are also subject to risks of breakage or other damage during delivery by any of these third parties. We also use and rely on other services from third parties, such as telecommunications services, customs, consolidation and shipping services, as well as warranty, installation, assembly and design services. We may be unable to maintain these relationships, and these services may also be subject to outages and

interruptions that are not within our control. Third parties may in the future determine they no longer wish to do business with us or may decide to take other actions that could harm our business. We may also determine that we no longer want to do business with them. If parcels are not delivered in a timely fashion or are damaged during the delivery process by these third parties, or if we are not able to provide adequate customer support or other services or offerings, our customers could become dissatisfied and cease using our cross-border fulfillment services or stop trading products through our marketplace, which would adversely affect our operating results.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

**Recent Sales of Unregistered Securities**

None.

**Purchases of Equity Securities by the Issuer and Affiliated Purchasers.**

On June 14, 2023, we announced that our board of directors approved a share repurchase program under which we may purchase up to \$25.0 million of our Class A ordinary shares, par value \$0.05, over a 12-month period, which expired in June 2024. On September 3, 2024, we announced that our board of directors approved a new share repurchase program under which we may purchase up to \$46.0 million of our Class A ordinary shares, par value \$0.05, over a 12-month period. Under the share repurchase program, we may purchase our ordinary shares through various means, including open market transactions, privately negotiated transactions, block trades, any combination thereof or other legally permissible means.

We evaluated the trading prices of its ordinary shares, its financial position and other information and considered the share repurchase by us would be in the best interests of our company and our shareholders.

We may effect repurchase transactions in compliance with Rule 10b5-1 and Rule 10b-18 of the Exchange Act. The number of shares repurchased and the timing of repurchases will depend on a number of factors, including, but not limited to, price, trading volume and general market conditions, along with our working capital requirements, general business conditions and other factors. Our board of directors will review the share repurchase program periodically, and may modify, suspend or terminate the share repurchase program at any time. We plan to fund repurchases from our existing cash balance.

During our third quarter of 2024 covered in this quarterly report, we did not repurchase any of our Class A ordinary shares.

**Item 3. Defaults Upon Senior Securities.**

Not applicable.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

(a) and (b) None.

(c) Rule 10b5-1 Trading Plan

During the three months ended September 30, 2024, none of the directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) of our company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” each as defined in Item 408(a) of Regulation S-K.



**Item 6. Exhibits.**

<b>Exhibit Number</b>	<b>Description of Document</b>
3.1	<a href="#"><u>Eighth Amended and Restated Memorandum and Articles of Association of GigaCloud Technology Inc. as currently in effect (incorporated by reference to the Registrant's current report on Form 8-K filed with the SEC on June 14, 2024)</u></a>
31.1*	<a href="#"><u>Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
31.2*	<a href="#"><u>Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
32.1**	<a href="#"><u>Certification by the Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u></a>
32.2**	<a href="#"><u>Certification by the Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u></a>
101.INS*	Inline XBRL Instance Document — the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Exhibit 101 Inline XBRL document)

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\* Filed herewith.

\*\* Furnished herewith. This certification is deemed not “filed” by us for purposes of Section 18 of the Exchange Act , or otherwise subject to the liability of that section. This certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that we specifically incorporate it by reference.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GigaCloud Technology Inc

By: /s/ Larry Lei Wu

Name: Larry Lei Wu

Title: Chief Executive Officer  
*(Principal Executive Officer and duly Authorized Officer)*

Date: November 7, 2024

GigaCloud Technology Inc

By: /s/ Xiaoyang Wei

Name: Xiaoyang Wei

Title: Interim Chief Financial Officer  
*(Principal Financial and Accounting Officer and duly Authorized Officer)*

Date: November 7, 2024

**Certification by Principal Executive Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Larry Lei Wu, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GigaCloud Technology Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2024

By: /s/ Larry Lei Wu  
Name: Larry Lei Wu  
Title: Chief Executive Officer  
(Principal Executive Officer)

**Certification by Principal Financial Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Xiaoyang Wei, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GigaCloud Technology Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2024

By: /s/ Xiaoyang Wei  
Name: Xiaoyang Wei  
Title: Interim Chief Financial Officer  
(Principal Financial Officer)

**Certification by the Principal Executive Officer  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of GigaCloud Technology Inc (the “Company”) on Form 10-Q for the quarter ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Larry Lei Wu, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2024

By: /s/ Larry Lei Wu  
Name: Larry Lei Wu  
Title: Chief Executive Officer  
(Principal Executive Officer)

**Certification by Principal Financial Officer  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of GigaCloud Technology Inc (the "Company") on Form 10-Q for the quarter ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Xiaoyang Wei, Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2024

By: /s/ Xiaoyang Wei  
Name: Xiaoyang Wei  
Title: Interim Chief Financial Officer  
(Principal Financial Officer)