Commerce's Third Quarter 2026 Earnings Call: prepared remarks

November 5th, 2026

Tyler Duncan – SVP, Finance and Investor Relations

Good morning, and welcome to Commerce's third quarter 2026 earnings call. We will be discussing the results announced in our press release issued before today's market open. With me are Commerce's Chief Executive Officer, Travis Hess; and Chief Financial Officer & Chief Operating Officer, Daniel Lentz. Today's call will contain certain forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements include statements concerning financial and business trends, as well as our expected future business and financial performance, financial condition, and our guidance for both the fourth quarter of 2026 and the full-year 2026. These statements can be identified by words such as expect, anticipate, intend, plan, believe, seek, committed, will, or similar words. These statements reflect our views as of today only and should not be relied upon as representing our views at any subsequent date, and we do not undertake any duty to update these statements. Forward-looking statements, by their nature, address matters that are subject to risks and uncertainties that could cause actual results to differ materially from expectations.

For a discussion of the material risks and other important factors that could affect our actual results, please refer to the risks and other disclosures contained in our filings with the Securities and Exchange Commission. During the call, we will also discuss certain non-GAAP financial measures, which are not prepared in accordance with generally accepted accounting principles. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures, as well as how we define these metrics and other metrics, is included in our earnings press release, which has been furnished to the SEC and is also available on our website at investors.commerce.com.

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

Travis Hess – Chief Executive Officer

Thanks, Tyler.

Q3 revenue was $84.2 million, in line with guidance, and non-GAAP operating income was $8.0 million, above our guidance range. GMV grew 14% year-over-year to $9.0 billion. Following our Q3 results, we are raising our full-year profitability outlook while maintaining our revenue guidance midpoint, which Daniel will walk through shortly.

Our results reflect progress on the strategic operating plan announced in September. We remain on track toward our target of at least 20% full-year non-GAAP operating margins beginning in 2027.

We are reducing costs in areas that are not central to our strategy. We are simplifying the organization and using AI and automation to improve productivity. At the same time, we are protecting investment in the products and teams needed to retain customers, improve monetization and drive revenue growth.

The priorities I will discuss today reflect where we are choosing to invest as we execute this plan. Daniel will cover the financial details. I will focus on our strategy and what we are seeing in the business.

For investors newer to Commerce, we operate across three connected parts of the commerce technology stack.

Feedonomics provides technology that helps merchants organize, improve and distribute product information across traditional and AI-powered commerce and discovery channels. Makeswift enables merchants to create and manage flexible, engaging digital experiences. BigCommerce powers transactions and complex commerce operations, particularly for manufacturers, distributors and retailers with sophisticated requirements.

Merchants can leverage these capabilities independently or together, giving us multiple ways to serve customers and expand our relationships over time.

Our strategy reflects how commerce is evolving. As discovery and purchasing increasingly extend beyond traditional storefronts, merchants need better product intelligence, more flexible digital experiences and reliable infrastructure to manage complex transactions.

We have differentiated assets across these areas, and we are concentrating our investments where we see the clearest opportunities to improve customer retention, monetization and long-term growth.

Let me start with commercial execution.

Q3 was our strongest quarter of the year so far for pipeline generation. Our focus is converting that activity into bookings and revenue while improving retention. We are also developing our capabilities for emerging agentic commerce use cases. While we still have work to do translating this momentum into sustained revenue growth, the underlying trends are encouraging.

Turning to our four product priorities, I'll start with AI and product intelligence.

Agentic commerce is changing how products are discovered, how shoppers make purchasing decisions and how merchants run their businesses. We are building the product intelligence and commerce infrastructure to support these experiences across BigCommerce and Feedonomics. Feedonomics Data Enrichment and BigCommerce Catalog Enrichment are now generally available, and hundreds of stores adopted Catalog Enrichment as an additional paid feature in its first week. More than 10,000 stores have used BigCommerce Companion since its launch in August to help manage their stores, customize storefronts and improve discoverability. We also recently opened conversational search to paid BigCommerce stores in the U.S. and Europe. Our Shopping Agent and B2B Purchase Order Agent are in early access, supporting guided shopping and turning emailed purchase orders into ready-to-checkout carts.

We are also expanding the channels through which AI agents can discover and transact with our merchants. Through our partnership with Cloudflare, WebMCP is now live, enabling browser-based shopping agents to interact with BigCommerce storefronts. Feedonomics has launched early access to Amazon Shop Direct, allowing eligible merchants to connect their existing product catalogs to an additional discovery channel. We are also participating in early access to Google’s Universal Commerce Protocol, with approved BigCommerce merchants already receiving orders. Together, these capabilities help merchants participate in emerging shopping experiences while creating additional opportunities for adoption and monetization across our products.

L’Oréal, the world's largest beauty company, selected Feedonomics as its global product intelligence management partner in Q3. This demonstrates our ability to compete for complex global enterprise opportunities. As product discovery expands across marketplaces, advertising channels, search, social and AI-powered experiences, accurate and enriched product information is becoming increasingly critical. Importantly, this win reinforces the role Feedonomics can play as a product intelligence layer across the broader commerce ecosystem, independent of a merchant’s underlying commerce platform.

Second is Surface and Makeswift.

Surface makes Feedonomics available to smaller merchants through a self-service product, allowing them to get started without a traditional enterprise sales process. Thousands of merchants are now using Surface, and early usage data shows higher average revenue growth among those users compared with merchants not using the product. Our focus is converting that adoption into recurring revenue. Makeswift gives merchants the tools to visually build, customize and update their storefronts, helping their teams bring differentiated shopping

experiences to market faster. As we have mentioned previously, we are launching Makeswift in early Q1 as the default visual editor and experience layer for our hosted platform, which will also have full backwards compatibility for our existing merchants.

These products support our product-led growth strategy. They also create opportunities to introduce additional Commerce capabilities to customers over time.

Third is BigCommerce Payments.

Our platform processed approximately $9.0 billion in GMV overall during the quarter, growing 14% year-over-year. That growth continues to outpace our top-line revenue performance, highlighting the opportunity to generate more revenue from commerce already flowing through our platform.

Payments is a key part of that opportunity, particularly as we expand our capabilities to support the more complex transaction requirements of B2B merchants.

BigCommerce Payments, powered by Paypal, continues to gain traction, with the number of live stores growing approximately 65% sequentially during Q3. We are seeing adoption across small and large customers, and we continue to broaden availability to more Performance plan merchants. We also launched in the UK in September and have been pleased with early adoption and merchant feedback. These efforts, alongside continued enhancements to the merchant experience, support our opportunity to expand payments adoption and improve monetization of the transaction volume on the BigCommerce platform.

Daniel will discuss some of the additional payments capabilities we are evaluating and their potential financial implications here shortly.

Fourth is B2B commerce.

Complex B2B commerce remains an important area of differentiation, particularly among manufacturers and distributors. These customers require capabilities such as contract-specific pricing, quoting, complex inventory management and integration with existing business systems.

Our recent customer announcements show how we are winning in this market.

Gutter Supply selected BigCommerce to replace a legacy platform serving contractors and retail customers. Its implementation supports tiered pricing, invoicing, purchasing terms and an improved customer experience. It also uses Feedonomics to manage its Google Merchant Center feed.

Waterco is another example. The manufacturer and distributor moved from phone and email ordering to a digital experience supporting more than 45,000 products, including complex inventory, quoting and freight requirements.

Brompton, the British foldable bicycle manufacturer, launched its new Brompton Partner Portal on BigCommerce B2B Edition, giving its global network of independent retailers a modern ordering experience. Brompton first launched its direct-to-consumer site on BigCommerce in 2024. The new partner portal extends that foundation to the wholesale side of the business, which accounts for roughly 75% of Brompton's total sales across over 1,000 retail partners worldwide.

These are the types of customers and use cases we are prioritizing. We believe these implementations demonstrate our strength in complex B2B commerce. They also illustrate how we can expand customer relationships across BigCommerce and Feedonomics.

Let me close by reaffirming our operating priorities.

Our priorities are clear: convert pipeline into bookings, improve retention and expand monetization. We are concentrating our resources on these objectives while delivering the more efficient cost structure we have targeted.

The next step is demonstrating progress through stronger commercial execution and measurable financial results.

Before turning to Daniel, I want to share a leadership update.

Daniel has accepted an opportunity to serve as Chief Financial Officer at another publicly traded technology company and will depart effective November 13. On behalf of our Board and team, I want to thank Daniel for his contributions over the past eight years. He has helped strengthen our financial discipline and balance sheet, and we wish him the best in his next role.

Tyler Duncan, our SVP of Finance and Investor Relations, will become Interim CFO upon Daniel's departure. Tyler has played an important role in our planning and execution of our operating plan. He knows our business and priorities well and will provide continuity through this transition.

Other members of our leadership team will assume the COO responsibilities while the Board evaluates candidates for the permanent CFO and COO roles.

This transition does not change our strategy, or our financial targets.

Daniel, I'll turn it over to you.

Daniel Lentz — Chief Financial Officer and Chief Operating Officer

Thanks, Travis. Let me start with our financial results for the quarter.

Q3 revenue was $84.2 million, in line with our guidance range of $82.5 million to $85.5 million. Subscription solutions revenue was $64.7 million, and partner and services revenue was $19.5 million.

Non-GAAP operating income was $8.0 million, above the high end of our guidance range of $3.3 million to $5.3 million, representing a non-GAAP operating margin of 9.5%.

The outperformance was primarily driven by approximately $3 million in savings originally anticipated in Q4 that we realized in Q3. We are maintaining our full-year revenue outlook at the midpoint and raising our full-year non-GAAP operating income outlook, as I'll detail shortly.

Non-GAAP gross margin was 74.5%, down approximately 110 basis points sequentially. The decline reflected lower partner and services revenue following the ecosystem changes discussed last quarter, along with continued pressure from AI-related infrastructure costs. Improving infrastructure efficiency remains a priority within our strategic operating plan.

We ended the quarter with $162.8 million in cash, cash equivalents, restricted cash and marketable securities, and $154.1 million in outstanding debt. We repaid the remaining approximately $4 million of our 2026 convertible notes at maturity on October 1st.

Operating cash flow was $9.4 million, and free cash flow was $5.7 million, after $3.6 million in capital expenditures.

We recorded a GAAP net loss of $3.2 million for the third quarter, including $4.0 million in restructuring charges associated with our strategic operating plans. Excluding the $4.9 million of restructuring charges recorded year to date, net income would have been approximately $6.6 million, compared with reported GAAP net income of $1.6 million year to date. While the upfront restructuring charges from our strategic operating plan are expected to result in a GAAP net loss for the full year, our underlying operating performance remains consistent with the trajectory that supported our prior goal of GAAP profitability for the full year 2026 before we initiated the plan previously announced.

Turning to operating metrics, GMV grew 14% year-over-year to approximately $9.0 billion, highlighting the scale of commerce flowing through our platform and the opportunity to improve monetization. Narrowing the gap between GMV growth and revenue performance through payments monetization, cross-sell and higher attach rates remains a priority.

Our growing B2B mix creates an opportunity to better monetize transactions involving invoicing, payment terms and other methods beyond traditional credit cards. While we have not finalized our 2027 operating plan, we are evaluating new payments capabilities, including a potential fully white-labeled version of BigCommerce Payments, to provide a more integrated merchant experience and participate more directly in payment economics.

Certain new offerings may introduce gross revenue recognition and associated processing costs rather than our existing net revenue-share model. We expect adoption to build gradually, and we

believe these initiatives can expand our ability to monetize the substantial GMV already on our platform.

Total ARR ended the quarter at $357.6 million, down approximately $2.9 million sequentially, reflecting two distinct factors. Subscription ARR declined approximately $1.1 million, primarily due to the nonrenewal of a single legacy Powered By agreement, which both parties mutually elected not to renew. The remaining approximately $1.8 million decline came from partner and services revenue, reflecting our deliberate decision to move away from certain long-tail partner arrangements, as discussed in connection with our updated guidance last quarter.

Net revenue retention was 94.7%, compared with 95.8% in Q2, reflecting these same dynamics. Our ARR methodology includes trailing variable and nonrecurring revenue, including certain partner contributions. We believe concentrating on higher-value partner relationships will improve the durability and quality of revenue over time.

We continue to manage stock-based compensation and dilution responsibly. Stock-based compensation was 5.2% of revenue in Q3, down from 7.5% a year ago and 7.0% for the full year 2025. For the quarter, we had approximately 83 million common shares outstanding and 83.3 million fully diluted shares outstanding.

Turning to guidance, for Q4 2026 we expect:

- Revenue between $83.4 million and $86.4 million
- Non-GAAP operating income between $6.8 million and $8.8 million

For the full year 2026, we now expect:

- Revenue between $339.0 million and $342.0 million
- Non-GAAP operating income between $35.3 million and $37.3 million

At the midpoint, we are raising our full-year non-GAAP operating income outlook by $2.3 million relative to the updated outlook we provided in September. While part of our Q3 outperformance reflected savings accelerated from Q4, the remaining benefit increases our expected profitability for the year.

Let me now discuss the financial implications of our recently announced strategic operating plan.

We continue to target $60 million to $80 million in annualized non-GAAP operating cost reductions and full-year non-GAAP operating margins of at least 20% beginning in 2027.

In September, we anticipated approximately $3 million, or 4%, of the annualized savings would be realized in 2026. Based on our progress to date, our updated outlook reflects approximately $5 million of in-year savings, with the full annualized benefit in 2027. We remain on track to deliver the targeted savings and to substantially complete implementation by Q2 2027.

The actions address staffing, professional services, facilities, software and infrastructure costs, while leveraging AI and automation to improve efficiency. Importantly, we are protecting investment in our highest-priority growth initiatives, including payments, Feedonomics, product intelligence and agentic commerce.

Our margin target is not based on an assumed acceleration in revenue growth. We believe the plan enables materially stronger profitability from the scale of our current business, while allowing us to continue investing in retention, cross-sell and monetization.

To put the magnitude of the opportunity in perspective, the $60 million to $80 million in annualized cost savings represents approximately $0.72 to $0.97 per diluted share, based on our diluted share count for the nine months ended September 30, 2026.

While this is not an earnings-per-share forecast, it illustrates the magnitude of the improvement we are targeting in the underlying earnings power of Commerce.

We also expect the majority of these savings to translate into incremental free cash flow. Supporting that conversion, we had approximately $353 million in net operating loss carryforwards and other tax attributes as of September 30, which we expect to help reduce cash taxes on future earnings, subject to applicable limitations.

There are upfront costs associated with implementing the plan. We recorded $4.0 million in restructuring charges during Q3, compared with our original expectation of $4.2 million to $8.8 million. We continue to expect additional restructuring charges in Q4, consistent with the implementation timeline outlined in September. We now estimate Q4 charges of $4.0 million to $8.5 million, compared with our original expectation of $4.3 million to $17.5 million. In addition, we expect to incur restructuring charges of $2.2 million to $4.2 million in the first half of 2027 as we substantially complete implementation of the plan.

Our non-GAAP operating income excludes these charges, although associated cash payments will affect free cash flow during implementation.

While we are still finalizing our 2027 operating plan, and will provide formal 2027 guidance on our fourth quarter call, our preliminary planning assumptions contemplate 2027 revenue broadly in line with 2026 levels. Against that backdrop, we remain on track toward our target of full-year non-GAAP operating margins of at least 20% beginning in 2027.

Turning to capital allocation, our Board authorized a $50 million share repurchase program extending through September 2028. We may pursue repurchases from time to time, with timing and amounts dependent on market conditions, liquidity and other capital priorities. As cash generation improves, we believe we will have greater flexibility to return capital to shareholders while continuing to invest in the business.

To close, we are raising our full-year 2026 profitability outlook and reaffirming both our revenue outlook at the midpoint and our target of at least 20% full-year non-GAAP operating margins beginning in 2027. Our priorities are clear: improve retention and monetization, execute the

operating plan, convert the resulting savings into stronger free cash flow, and allocate capital with discipline.

Before opening the call for questions, I want to thank our colleagues, customers and shareholders for their support during my time at Commerce. It's been a privilege to work with this team.

Tyler has been instrumental in planning and executing our strategic operating plan. He knows the business and our financial priorities extremely well, and I am confident in our ability to execute against these targets and priorities with him leading as Interim CFO.

With that, Operator, let's open it up for questions.