



Commerce's Third Quarter 2025 Earnings Call: prepared remarks

November 6th, 2025

Tyler Duncan – VP, Finance and Investor Relations

Good morning, and welcome to Commerce's, formerly BigCommerce's, third quarter 2025 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, 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 2025 and the full-year 2025. 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, and good morning, everyone.

Q3 marked another solid step forward for Commerce. We delivered revenue of \$86 million, in line with our guidance range. Non-GAAP operating income reached \$8 million, which significantly exceeded the high end of our profitability guidance, while operating cash flow came in just under \$11 million. For the twelve months ending September 30th, 2025, we had total revenue of \$340 million and Non-GAAP operating income just above \$30 million. For the three months ended September 30, 2025, we had approximately 80.8 million common shares outstanding and 81.3 million fully diluted shares outstanding. We are now in full execution mode, and our focus is on scaling profitable, sustainable growth across each of our core offerings.

AI is reshaping how consumers discover, evaluate, and purchase products. The future of commerce is intelligent, composable, and agentic. Traditional ecommerce flows are shifting to conversational discovery, personalized curation, and increasingly autonomous purchase journeys. AI agents like ChatGPT, Gemini, Copilot, and Perplexity are fast becoming the entry point for commerce. This requires a fundamental shift in how merchants think about visibility, relevance, and conversion. When product discovery begins with a prompt, not a homepage, it is the quality of data that determines whether you get seen, chosen, and purchased.

We have architected Commerce to meet this shift head-on. Feedonomics syndicates enriched, structured product data into all major AI surfaces. Merchants can surface their catalogs in the exact context where intent is detected and decisions are made. We are building and launching new products anchored by Feedonomics to meet this need, and we see strong pipeline signals emerging as we head into the holiday period.

Similarly, Makeswift empowers marketers to build and update AI-optimized site experiences in real time, without writing code. Through our open, modular platform, merchants can seamlessly integrate AI-driven services, whether it's agent-assisted support, dynamic pricing, intelligent fulfillment, or automated merchandising, directly into their stack and at their own pace.

Last week, PayPal reinforced our shared vision by publicly announcing a new initiative focused on enabling agentic commerce, and named Commerce as a strategic partner in that effort. This recognition underscores our leadership position for an AI-led future. It further validates the architecture, openness, and data infrastructure we built over the last year.

This isn't a theoretical roadmap. It is already happening. Our partnerships with Perplexity, Microsoft, Google, and Stripe and PayPal are examples of how we're building for an agent-led world, where intelligent commerce needs to be fast, adaptive, and always-on. Whether the buyer is a person, an algorithm, or a fully autonomous agent, Commerce ensures our merchants remain discoverable, performant, and in control of their customer experience.

Our B2B momentum also remained strong in Q3. We continued to attract some of the world's most respected brands. We welcomed ADI Global, a leader in security and low-voltage distribution; Big Ass Fans, a global manufacturer known for its high-performance industrial and commercial fans; and Pantone, the world's authority on color standards and design tools. We also celebrated successful new launches from innovators like F&C Distributors, Hengstler-Dynapar, and Fisher Tools Handles, all choosing Commerce to modernize and scale their businesses.

In Q3, IDC validated our platform's impact through its study, *The Business Value of BigCommerce B2B Edition*. IDC found that B2B Edition customers achieved a remarkable 391% three-year ROI, a 24% boost in sales productivity and an 82% improvement in platform stability. In addition, Gartner once again recognized BigCommerce for its fully integrated B2B capabilities, including native CPQ, our strategic partnership with PROS, and the continued evolution of our Catalyst storefront for B2B experiences.

When we announced our new Commerce parent brand last quarter, I committed to take steps to unify our product portfolio. Today I want to share a couple steps we have taken in this area that also demonstrate strategic progress with small business customers.

In Q3, we launched Feedonomics Surface - a feed management product available to all BigCommerce merchants. Surface gives merchants an easy way to connect and optimize product feeds across Google and Meta, directly from their control panel. It represents a clear step forward to bring enterprise-grade capability downmarket. Future upgrades will include additional paid features, such as advertising channels and agentic channels, data enrichment tools, and AI-powered feed optimization features. We also remain on track with the planned launch of Makeswift on Stencil in 2026.

We also are proud to announce that we are bringing Feedonomics' order orchestration capabilities to BigCommerce customers through Feedonomics Order Orchestration. This capability was previously available only through the larger Feedonomics bundled product suite. It gives merchants the ability to optimize fulfillment across locations with efficiency and control, and it is now available a la carte to pilot merchants on both BigCommerce and Shopify. It is another step toward realizing our vision of unified commerce from feed to fulfillment.

Earlier this week, we announced the launch of new capabilities for Shopify merchants through two applications: Feedonomics for Advertising and Feedonomics for Listings & Orders. These two Feedonomics applications are available in the Shopify App Store and provide a robust foundation that empowers merchants and partners to manage complex, cross-platform operations. Shopify merchants can improve product discoverability, increase advertising performance and drive additional revenue for their businesses.

In payments, we announced a new embedded payments offering in partnership with PayPal: BigCommerce Payments Powered by PayPal. This new, co-branded solution will launch in early 2026 and will offer full-stack payments capabilities embedded directly into the BigCommerce control panel. Merchants will be able to manage balances, payouts, currency conversion, and

settlement all from within our platform. We believe this will strengthen retention, expand wallet share, and bring modern payments functionality to thousands of small and mid-sized customers.

Looking back on our progress so far in 2025, I see a lot to be proud of and a lot that must still improve. We drove a tremendous amount of organizational change this year - changes in strategy, operations, and leadership. That said, we need to grow faster, and we need to do so more profitably. That is our focus as we enter 2026 planning. We see a clear path to greater sales and marketing expense efficiency through multiple levers, including partner-led distribution with global systems integrators like Accenture, simplified product packaging and pricing for mid-market customers, and tighter resource alignment across key verticals.

Taken together, our rebrand to Commerce, our bundling strategy, and our leadership position in agentic commerce are all aligned to deliver measurable results for both our customers and our shareholders.

With that, I'll turn it over to Daniel to walk through the financials.

Daniel Lentz – Chief Financial Officer

Thanks, Travis.

For those of you who are newer to our story, Commerce serves tens of thousands of accounts globally, including just under six thousand accounts using our enterprise plans. Our platform powers both B2C and B2B ecommerce for leading brands and manufacturers, with capabilities that span storefront infrastructure, data syndication, and visual design. Our Feedonomics product sits at the center of our data strategy. It ingests, enriches, and syndicates product catalog data across channels like Google, Meta, Amazon, and, increasingly, AI-driven surfaces like OpenAI, Perplexity, Gemini, and Copilot. This enables merchants to increase discoverability, drive marketing spend performance, and optimize channel-level return on ad spend.

As of the end of Q3, our annual revenue run-rate was approximately \$356 million, with 76% of ARR coming from customers using enterprise plans and corresponding average revenue per account exceeding \$46,800. Our multi-product model combines recurring subscription revenue from our core platform and Feedonomics with revenue share from a curated ecosystem of technology and service partners, all underpinned by a disciplined operating model and strong balance sheet. We remain focused on delivering profitable, high-quality growth by expanding share of wallet within our installed base, acquiring new merchants, and scaling emerging self-serve product lines across small and mid-market businesses.

In Q3, we delivered revenue of \$86 million, a 3% increase year-over-year and consistent with our guidance range. Non-GAAP operating income landed at \$8 million, or 9% of revenue, which exceeded the high end of our profitability guidance by nearly \$5 million. This represents a 413 basis point improvement year-over-year. Operating cash flow was approximately \$11 million,

marking our second consecutive quarter of double-digit OCF margin and further demonstrating the operating leverage in our model.

ARR ended the quarter at \$356 million, up 2% year-over-year. Enterprise ARR represented 76% of total ARR, compared to 74% in the prior year, with average revenue per enterprise account reaching \$46,806, a 7% increase from Q3 of last year.

Non-GAAP gross margin came in at 79%, and we maintained cost discipline even as we reinvested in product development and sales enablement. Partner and services revenue grew modestly to just above \$21 million, up 2% year-over-year.

We also strengthened our balance sheet. We closed Q3 with approximately \$143 million in cash, cash equivalents, and marketable securities. Our net debt position is now just under \$11 million, reflecting an 86% decrease since Q3 of 2023. Additionally, as of December 31, 2024, the Company had net operating loss (“NOL”) carryforwards for U.S. federal income tax purposes of approximately \$249.7 million, which we expect will continue to offset taxable income in future periods. For the three months ended September 30, 2025, we had approximately 80.8 million common shares outstanding and 81.3 million fully diluted shares outstanding. This strong financial position gives us the flexibility to invest where we see compelling ROI opportunities, and maintain discipline in our operating model.

Before I turn to guidance, I want to briefly discuss how AI is also helping drive monetization opportunities across our business. As more discovery and decision-making shifts to agent-led interactions, the value of structured, high-quality data, and the platforms that manage it, increases significantly. This trend plays directly into our core strengths.

Feedonomics Surface, which we launched this quarter, starts as a free product for BigCommerce merchants. It also includes a clear and scalable monetized upgrade path. As merchants grow, adopt more channels, or require deeper feed customization and optimization, we can monetize that growth through premium feature tiers. Similarly, BigCommerce Payments powered by PayPal, set to launch next year, will generate monetization upside through payment economics and deeper merchant engagement, all within a model that keeps us aligned with merchant success. In both cases, these are product-led growth motions designed to start simple, scale with the customer, and create sustainable revenue streams that improve ARPU and strengthen retention over time.

Let me now turn to guidance.

For Q4, we expect revenue between \$87.8 million and \$92.8 million, and non-GAAP operating income between \$4.3 million and \$9.3 million. For the full year 2025, we are updating guidance to reflect our Q3 execution and improved visibility into year-end performance. We now expect full-year revenue between \$340.6 million and \$345.6 million. We expect full-year non-GAAP operating income between \$24.7 million and \$29.7 million, with a midpoint of \$27.2 million, representing a \$5.2 million increase from our prior midpoint of \$22.0 million.

As we look ahead, we are focused on efficiency and operating leverage in top-line revenue motions. We are focused on scaling responsibly, growing profitability, and driving continued operating leverage across our business. We believe the investments we're making in product innovation, solutions bundling, and go-to-market efficiency will continue to deliver meaningful returns in **2025** and beyond.

With that, Travis and I are happy to take your questions.