Commerce's Fourth Quarter and Fiscal Year 2025 Earnings Call: prepared remarks

February 12th, 2026

Tyler Duncan – SVP, Finance and Investor Relations

Good morning, and welcome to Commerce's Fourth quarter and Fiscal year 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 & 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 first 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.

2025 was an important year for Commerce, a year in which we achieved meaningful operational improvements and laid the foundation for sustainable growth. We delivered revenue of $342 million, up approximately 3% year-over-year, and non-GAAP operating income finished at $28 million with strong improvements to cash generation. We also delivered our highest sequential improvement in subscription ARR in over a year and half in Q4.

Over the past 12 months, we have executed on a long-term strategy focused on three priorities: simplifying the business, realigning investment around our highest-value initiatives, and building the infrastructure to scale as AI and agentic commerce reshape how merchants engage with buyers.

We have improved efficiency, reinvested savings into product innovation, and increased profitability and cash flow - allowing us to operate with greater leverage and speed. We also reintroduced ourselves to the market under a unified brand, Commerce, which reflects how we now operate: as a connected platform across storefronts, product data, experience and payments.

Importantly, 2025 was not just about internal alignment, it was about accelerating our pace of innovation and driving sustainable growth.

We continue to see strong momentum in B2B, with B2B-oriented customers representing the majority of our new platform ARR over the past three quarters. Subscription ARR from customers using BigCommerce B2B Edition grew nearly 20% in 2025 and delivered the highest retention rates across our product portfolio. During Q4, we added several new industrial, manufacturing, and distribution customers, including Build It Right, a leading distributor of specialized drilling equipment; Premier Water Tanks, a water truck manufacturer; Hawk Research Labs, a provider of high-performance refinishing coating systems; and KH Industries, a manufacturer of electrical and AV components. These wins, together with the continued performance of our existing customer base, underscore both the durability of B2B demand and the stickiness of our differentiated B2B capabilities.

We are also seeing continued momentum with leading consumer brands. H&M, The RealReal, and Petco have adopted Feedonomics' data optimization platform to enhance product visibility and performance across digital channels, alongside Grainger, one of the largest industrial distributors in North America. On the BigCommerce platform, we added European apparel brand Lascana and successfully renewed our long-standing relationship with luxury department store Harvey Nichols, reinforcing our ability to support complex, global retail use cases across both new and existing customers.

In parallel, we advanced our product innovation and product led growth agenda with the late Q3 launch of Surface, our self-service version of Feedonomics. Surface enables BigCommerce merchants to enrich and syndicate their product catalog across Google Shopping, Meta and soon, additional agentic, advertising and marketplace channels. The early results are compelling. In Q4, merchants using Surface saw an average 24 points higher GMV growth compared to non-users, a strong early proof point that better data leads to better discovery and conversion. Notably, that material difference in GMV growth was from only the advertising channels built into the initial release. We plan to quickly roll out additional advertising, marketplace, and agentic channels within Surface in the coming months to drive broader adoption and value to our merchants, while also driving monetization growth within our customer base.

We also expanded partnerships with OpenAI, Microsoft Copilot, Google Gemini, and Perplexity to position Commerce as an AI-ready infrastructure layer. These integrations are built to help our merchants bolster visibility and conversion in next-gen shopping and discovery flows, with no added integration work or technical lift on their side. Notably, Commerce was one of only two commerce platforms featured in Google's announcement of its new Universal Commerce Protocol, further reinforcing our strategic alignment with leading AI and discovery platforms.

We partnered with PayPal to introduce BigCommerce Payments, which remains on track to launch around the end of Q1 2026. We expect that this new solution will give small and mid-sized merchants a fast, integrated way to activate payments, simplify onboarding, and drive higher monetization of GMV.

We have now completed many key elements to our transformation. We have integrated our products and brought them under a unified brand. We have the leadership team in place to drive growth. We have realized material efficiencies in our operations to fuel reinvestment in our products. In 2026, we are increasing R&D investment by nearly 30% focusing on four clear priorities that will drive growth:

First, we are delivering AI capabilities directly into our core commerce platform for both B2B and B2C customers, while extending Feedonomics as the data enrichment and infrastructure layer for agentic commerce. This drives optimized product discovery and shopping experiences across branded storefronts, as well as advertising, marketplace, and agentic channels - accelerating time-to-value and retention across our installed base.

Second, we are expanding Feedonomics Surface into more channels for our BigCommerce merchants, which we believe is a powerful driver of both customer outcomes and monetization.

Third, we are rolling out BigCommerce Payments, starting with the integration of our PayPal-powered solution, to simplify onboarding for merchants and improve monetization of GMV.

And fourth, we are expanding Makeswift - first as a modern visual editor and page builder for our BigCommerce customers, and then launching a standalone version that extends our reach to third party content and commerce ecosystems.

These represent just a sample of what we plan to bring to market this year. These initiatives are designed to increase platform usage, improve attach rates across BigCommerce, Feedonomics and Makeswift, and unlock new monetization via payments, data, and bundling.

And we are doing this in a commerce environment that is rapidly fragmenting across AI surfaces. Buyers are increasingly starting their journey in AI interfaces, not on a brand's site. Our role is to make sure our merchants are discoverable, trustworthy, and transactable, wherever that journey begins or ends.

To better reflect this evolution, we are introducing two new key metrics:

First, Gross Merchandise Volume (GMV), which is a clear measure of the scale of our platform. Our platform delivered GMV of nearly $32 billion in 2025 and with consistent double digit growth over the last several years.

Second, Net Revenue Retention (NRR), which reflects our ability to grow within our customer base across product lines and services across our entire business, not just a subset of customers or products.

Daniel will elaborate on these metrics in more detail shortly, but I would like to offer my perspective on their importance and what they reflect about our business.

Commerce operates one of the largest install bases and GMV footprints in ecommerce, with GMV growing 12% in 2025 and 11% in 2024. GMV growth and NRR at a total business level provide a clearer picture of our scale, health, and the growth opportunity ahead. Driving improvement in both metrics is a top priority for us in 2026.

The opportunities ahead across AI-driven discovery and checkout, first-party payments, and product data infrastructure are significant and expanding. While I am pleased with the strong foundation we have built through improvements to efficiency, profitability, and product innovation in 2025, we have not yet delivered on the full growth potential of this business for our shareholders. That changes in 2026, as we shift from foundation-building to execution and monetization.

With that, I will turn it over to Daniel.

Daniel Lentz – CFO and COO

Thanks, Travis.

Commerce serves tens of thousands of merchants globally and facilitates nearly $32 billion in annual GMV across B2C and B2B customers on the BigCommerce platform. Feedonomics remains central to our data strategy, powering discovery, performance, and monetization across both traditional and AI-driven channels.

Q4 revenue was $89.5 million, up 3% year over year. We expanded full year non-GAAP operating margin by 230 bps vs 2024 and 990 bps vs 2023, underscoring efficiency gains and organizational simplification. We ended the year with $359 million in ARR and continued strengthening our underlying business fundamentals.

Operating cash flow was $3 million and $27 million for Q4 and 2025, respectively, which reflects more disciplined operating controls and improved working capital management. We closed the year with $143 million in cash, cash equivalents, and marketable securities with no material debt maturities until 2028, providing flexibility to reinvest in our products to accelerate growth.

We reduced our net debt position from $33 million in 2024 to $11 million in 2025, a decrease of nearly 67% year-over-year. For the three months ended December 31, 2025, we had approximately 81.4 million common shares outstanding and 82.0 million fully diluted shares outstanding.

As Travis mentioned previously, we are adjusting certain metric disclosures to better reflect business performance and incorporate investor feedback.

Enterprise ARR ended the year at $287 million, Enterprise customer count was 6,648, up 897 accounts sequentially, and Enterprise account ARPA was $43,200, down 8% sequentially. The increase in customer count and decrease in ARPA was partially driven by a Q4 go to market program to upgrade select customer accounts from our Essentials plans to Enterprise plans.

While we were encouraged by the progress and healthy engagement and retention across our Enterprise accounts last quarter, we believe that driving dollarized expansion across the entire business and customers of all sizes is a better indicator of underlying performance than the growth of a select subset of customers alone. Beginning this quarter, we are retiring Enterprise ARR and related metrics, because expansion is increasingly driven by product cross-sell, data services, payments, and bundled capabilities that cut across legacy plan definitions.

In place of those disclosures, we will begin sharing quarterly two new metrics that better capture our scale and monetization efficiency.

First, starting this quarter, we are now sharing total GMV, which reached nearly $32 billion in 2025 and grew 11% and 12% in 2024 and 2025, respectively. We have a significant opportunity to better scale ARR growth at a similar rate to GMV. The gap between GMV growth and our top line growth reflects several factors, primarily our strong growth in B2B where credit card transactions represent a smaller percent of the payments mix and yield lower revenue share than B2C. To be clear, we do not expect ARR to grow in lockstep with GMV, but we do expect the gap to narrow over time as we drive higher payments monetization mix, product cross-sell, and new product led monetization models.

Second, we will now share company-wide Net Revenue Retention to provide greater visibility into expansion trends across our entire business. NRR was 95.2% in Q4, up from 95.0% in Q4 2024. Driving improvement in this metric is central to our company strategy and underpins many of our investment priorities. Specifically, improving time-to-value for our customers, cross-product adoption, and retention through tighter integration of Feedonomics, payments, and storefront capabilities - the areas that most directly influence expansion and churn.

We believe this shift in reporting aligns more closely with how we are building and operating the business and provides clearer transparency and comparability for our investors.

Now let me walk through our guidance.

For Q1 2026, we expect:

- Revenue between $82.5 million and $83.5 million
- Non-GAAP operating income between $9.3 million and $10.3 million

For the full year 2026, we expect:

- Revenue between $347.5 million and $369.5 million
- Non-GAAP operating income between $34 million and $53 million

This outlook represents 2-8% full year growth with non-GAAP operating margins of 10-14% at the revenue guidance midpoint. Our guidance exceeds current Street consensus both on revenue and profitability, reflecting the progress we have made in 2025.

Importantly, after giving effect to anticipated operational restructuring payments, we anticipate cash and cash equivalents to exceed total long term debt by mid-2026 and we expect to deliver GAAP profitability for the full year 2026, the first time in Commerce's history. This milestone is a direct result of disciplined execution, an expanding product model, and meaningful operational leverage.

On a Rule of 40 basis, our non gaap guidance implies a combined growth plus margin performance of approximately 11-22%, depending on how we execute within our ranges.

Let me close with a few reasons we believe Commerce is positioned to deliver long-term value:

- We operate at nearly $360 million in ARR, with gross margins approaching 80%.
- We are generating meaningful profit and cash flow, and expect to continue to do so this year, with non-GAAP operating income 57% higher year-over-year at the midpoint.

- We facilitate nearly $32 billion in annual GMV with consistent double digit growth

This business has yet to reach its full potential. We see meaningful opportunities to drive faster growth, while maintaining the discipline that has delivered substantial improvements to profitability over the last two to three years. This is a structurally stronger business than it was a year ago. Our focus is squarely on execution, driving stronger growth and sustainable margin expansion.

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