



BigCommerce First Quarter 2025 Earnings Call: prepared remarks

May 8th, 2025

Tyler Duncan – VP, Finance and Investor Relations

Good morning, and welcome to BigCommerce's first quarter 2025 earnings call. We will be discussing the results announced in our press release issued before today's market open. With me are BigCommerce'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 second 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.bigcommerce.com.

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

Travis Hess – Chief Executive Officer

Thanks, Tyler, good morning everyone, and thank you for joining us today.

I'll open my remarks today by providing an update on our first quarter results, then I'll finish by outlining our progress against the key initiatives driving our operational transformation in 2025.

For those of you new to our business, we offer three core owned-products in our portfolio today: our flagship commerce platform, BigCommerce; our AI-based product data feed management platform, Feedonomics; and our brand and commerce site builder and visual editor, Makeswift. Our 2025 transformation plans touch each of those core products.

As I outlined last quarter, I have set three strategic priorities for the business in 2025:

1. Accelerating revenue growth profitably
2. Disciplined and focused operational execution
3. Execution of our go to market transformation plan

I'm pleased to report that Q1 reflects a solid start. Let's start with the numbers.

In Q1, we delivered non-GAAP operating income of \$7.6 million, a 530 basis point margin improvement year over year. Annual revenue run-rate (or "ARR") reached \$351 million, a year over year improvement of 3%. Revenue reached \$82.4 million, growing 3% year over year, and operating cash flow came in at approximately \$400 thousand—an improvement of nearly \$4 million year over year. We delivered revenue within our previously reported guidance range and profitability well above the high side of our range. Even still, these growth rates do not reflect the potential of this business, and accelerating growth is our top priority.

We see encouraging signs of progress behind our go to market transformation efforts. We reduced headcount by approximately 10% in Q4, and we reinvested savings to roughly double our quota-carrying sales capacity - which is now substantially complete. We saw a strong increase in pipeline across Q1 behind this effort - B2B in particular.

To be clear, we still expect 2025 to be challenging, but the opportunity that lies ahead of us is tremendous. We are continuing to act quickly and boldly to transform the company. This type of change is not easy. Current macro-economic uncertainty adds complexity, which Daniel will discuss in more detail shortly. Regardless, we are focused on what we can control, and I see solid leading indicators that the decisive actions we have taken are progressing as planned.

I want to provide an update on four key areas of focus:

1. Recruiting top leaders with SaaS and commerce experience
2. Investing in our core offerings in B2B and B2C

3. Creating new revenue growth opportunities through key initiatives we introduced at our recent investor day, and
4. Driving value to our customers and shareholders through AI

I'll start with recent leadership changes that strengthen our focus on product and innovation. Following the departure of our former CTO, Marcus Groff, our Senior Vice President of Engineering, has assumed full leadership of our engineering organization. Marcus joined BigCommerce in January and brings a wealth of experience from Amazon, Salesforce Commerce Cloud, and Demandware.

In addition, we recently welcomed Vipul Shah as our new Chief Product Officer. Vipul joined us in April and brings an extensive background of driving product strategy and innovation, with prior leadership roles at Google, JPMorgan, and PayPal, among others.

We're excited to have both Marcus and Vipul in these critical roles - both of which now report directly to me. I'm confident they will further elevate our product and engineering capabilities. Our senior leadership team is now in place, and I believe we have exactly the right team of experienced commerce and SaaS professionals to lead our organization forward.

Second, we are continuing to invest in both B2B and B2C.

B2B continues to grow as a percent of our overall business, underscoring our leadership in digital commerce for manufacturers, distributors, and wholesalers. We welcomed onto our platform industry leaders such as Superfeet and Van De Velde Packaging, while also celebrating standout launches from Sealy Tools and ISG Enterprises.

We also delivered new capabilities tailored to complex B2B needs. In Q1, we released two major enhancements: multi-company hierarchy support and an upgraded configure-price-quote tool. These features help large enterprises manage complex organizational structures and quoting workflows more efficiently. For example, our new configure-price-quote system reduces the steps required to respond to a quote request by up to 75%—this is creating efficiencies by freeing up time for teams to focus on driving revenue.

In B2C, we are driving focus and discipline on our core target customers, including our strategic focus on businesses outside the traditional fashion, beauty, and apparel verticals traditionally prioritized by legacy platforms. Our momentum is particularly strong with brands in underserved, operationally complex categories such as direct selling, regulated industries, home decor and others. These complex use cases will remain a strategic priority for our business. We proudly celebrated the successful launch of EuroOptic, a leading online retailer specializing in high-quality sporting optics, ensuring compliance with strict regulatory requirements. We also launched Kittery Trading Post, a prominent retailer dedicated to outdoor activities, hunting, and adventure gear. UK-based fashion brand EGO, known for its trendy women's footwear, clothing, and accessories, also faced unique challenges with its legacy platform. They have now successfully launched several international storefronts on a composable

architecture with BigCommerce. Additionally, we welcomed exciting new brands such as KONG, a trusted pet brand known for its durable toys and treats.

Third, we are on track to deliver the initiatives we announced at our recent investor day.

We have a big opportunity to drive growth by more cost-effectively cross-selling Feedonomics to the tens of thousands of customers on the BigCommerce platform. This initiative is in beta stage with select customers now, and a broader rollout with new paid features will be available to existing customers ahead of the holiday season.

We are building a self-serve version of Makeswift into the BigCommerce platform, with key product milestones and paid features expected late this year or early next year. This will deliver a step-change improvement in storefront design capabilities to our customer base and create new up-sell opportunities behind paid features as well.

As part of our bundling strategy, we announced our intention to partner with one of the leading providers of platform performance and error monitoring, Noibu, to help customers maximize conversion and revenue - with availability in the second half of the year. Several additional bundle offerings are currently in development. These product bundles aim to simplify the commercial requirements of customers' adoption of best of breed commerce architectures. This will build stronger relationships with our partners while creating new revenue opportunities with customers.

Our new BigCommerce Payments offering remains on track for an early 2026 launch, which will be an optional payments offering for small and medium-sized customers looking for a stream-lined, integrated offering with strong payments processing rates. This offering aims to improve our overall monetization and retention rates in the business.

Finally, AI remains a key area of focus. We are leveraging AI to deliver major improvements to sales and support efficiency. We have built internal tools to design tailored architectural recommendations to customers. We've also automated developer docs and onboarding operational tasks, while partnerships with OpenAI, Gemini, and Forethought drive agility and innovation. Feedonomics continues to lead, embedding AI into workflows to improve data matching and channel performance. More AI-driven enhancements are coming across CX, partner integrations, and merchant enablement.

For our customers, leveraging AI advancements in commerce isn't just about having product and inventory data, it's about having that data optimized for the right medium and use cases. This is Feedonomics' sweet spot, powering product data syndication for over 30% of the Internet Retailer 1000. As tools like OpenAI and Perplexity drive the next wave of agentic shopping, we're making sure our customers are in position to lead while driving frictionless customer experiences. We're actively partnering with the platforms shaping this space, so our customers' products are not only easy to find, but easy to buy.

Looking ahead, we remain focused on creating measurable value for our customers and our shareholders. The changes we've made are working, and we believe they set the foundation for renewed growth in the quarters to come.

We're encouraged by our progress, but we know we still have work to do. As we said at our Investor Day: this is a crucial transformation year for the business. We have the leadership team in place to execute our plans. We're focused on customer outcomes, not just features. We're aligning everything we do to efficient revenue growth, and we remain confident in our ability to accelerate performance as the year progresses.

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

Daniel Lentz – Chief Financial Officer

Thanks, Travis.

Before we dive into my commentary on the quarter, I want to highlight a few key areas that demonstrate our market position and improving financial profile. BigCommerce serves 5,825 enterprise accounts alongside tens of thousands of small business accounts. ARR is \$351 million as of the end of Q1 2025, a 3% increase year-over-year, while average revenue per enterprise account finished just over \$45 thousand, a 9% increase year-over-year. Our non-GAAP gross margin strengthened to 80.3%, up 240 basis points year-over-year, and non-GAAP operating income margin finished Q1 at 9.2%, up 530 basis points from Q1 2024 and 1,820 basis points from Q1 2023.

We closed Q1 2025 with a solid balance sheet, including \$121.9 million in cash, cash equivalents, and marketable securities. Our operating efficiency continues to improve, with quarterly operating cash flow of approximately \$400 thousand, up \$3.8 million from Q1 2024 and up \$21.2 million from Q1 2023. We have reduced our net debt position to \$32.2 million, a 59% decrease year-over-year, with maturities of approximately \$4 million due in 2026 and \$150 million due in 2028. As of the end of Q1, we had approximately 78.8 million common shares outstanding and 80.5 million shares of fully diluted shares outstanding including unvested shares of restricted stock units, options, and our convertible notes as outlined in our latest Form 10Q.

We are making measurable progress on our go-to-market transformation. Our realigned sales organization is now fully structured around our B2B, B2C, and small business offerings. Hiring to double our quota-carrying sales capacity is substantially complete, and early signs from pipeline conversion rates are encouraging.

As Travis outlined previously, we are on track for the key initiatives we discussed in our recent investor day, including the launch of a BigCommerce Payments solution, launching self-serve

versions of Feedonomics and Makeswift to our existing platform customers, and building bundled solutions with key partners to make it easy for customers to design and deploy solutions with leading technology partners in our industry. These initiatives are key to our wallet share expansion goals and a focus area for Q2 and beyond.

Before turning to guidance, I want to briefly address recent developments related to global trade and tariffs. While BigCommerce is not directly involved in the manufacturing or physical movement of goods, many of our customers operate across borders and within affected supply chains. We are closely monitoring how shifting trade policies and increased tariffs may influence our customers' operating environments—particularly for international sellers and brands sourcing from impacted regions.

Our most direct exposure to the potential impacts of macroeconomic uncertainty and change in this area would be in Partnership & Services Revenue ("PSR"), which constitutes approximately 25% of our total revenues and is driven by revenue share on transaction volumes from various technology partners. Potential effects on business sentiment may affect pipeline generation and conversion rates over time as well. While we have not yet seen a material impact from increasing macroeconomic uncertainty on our performance or pipeline, we are maintaining a cautious view and partnering with our customers to provide thoughtful support and flexible solutions in this environment.

Let me transition to related impact on guidance. Broadly speaking, we believe the current environment increases the potential range of revenue growth results we may see in 2025. To be clear, we built plans expecting 2025 to be a challenging year as we execute transformational change. We are encouraged by results so far, and we see potential upside to our previous revenue growth guidance. That said, we also believe increased macroeconomic uncertainty could have a downside impact on growth expectations as well.

For Q2, we expect revenue between \$82.5 million and \$83.5 million and non-GAAP operating income between \$2.7 million and \$3.7 million. For the full year 2025, we are widening the revenue guidance range to \$335.1 million to \$351.1 million to reflect both the underlying strength we continue to see in the business on the high end and macroeconomic uncertainty's potential downside on the low end. We expect non-GAAP operating income between \$16 million and \$28 million for the full year. From a profit perspective, we are managing spending carefully to account for macroeconomic risk and also to maintain optionality to reinvest in the business throughout the year to drive growth. We believe this balanced guidance adjustment reasonably represents the range of possible outcomes at this time, given the dynamic economic environment.

Our commitment to operational discipline remains unchanged. We will continue to invest in high-ROI areas that deliver durable value, specifically our sales capacity expansion, AI innovation initiatives, and core product initiatives to fuel growth in the business. We have an experienced leadership team that is excited to drive growth and carefully manage our transformation amidst an uncertain environment. We will continue to provide transparent updates throughout the year as conditions change as well.

In closing, we're pleased with our Q1 performance and encouraged by the early momentum in our business transformation efforts. We remain committed to delivering profitable, sustainable growth that creates lasting value for our shareholders. We look forward to sharing further progress with you in the quarters ahead.

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