

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) **October 24, 2013**

SPS COMMERCE, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34702
(Commission File Number)

41-2015127
(IRS Employer Identification No.)

333 South Seventh Street, Suite 1000
Minneapolis, MN
(Address of principal executive offices)

55402
(Zip Code)

Registrant's telephone number, including area code: **(612) 435-9400**

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On October 24, 2013 we issued a press release disclosing our results of operations and financial condition for our third quarter ended September 30, 2013. In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference in that filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

99 Press Release dated October 24, 2013

SIGNATURE

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

SPS COMMERCE, INC.

Date: October 24, 2013

By: /s/ KIMBERLY K. NELSON
Name: Kimberly K. Nelson
Title: Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

No. Description

Manner of Filing

SPS Commerce Reports Third Quarter 2013 Financial Results

Company Delivers 51st Consecutive Quarter of Topline Growth, With 33% Increase in Revenue Over 2012

MINNEAPOLIS, Oct. 24, 2013 (GLOBE NEWSWIRE) -- SPS Commerce, Inc. (Nasdaq:SPSC), a leading provider of on-demand supply chain management solutions, today announced financial results for the third quarter ended September 30, 2013.

Revenue in the third quarter of 2013 was \$27.0 million, a 33% increase from the third quarter of 2012. Recurring revenue grew 35% over the third quarter of 2012.

Net income in the third quarter of 2013 was \$270,000 or \$0.02 per diluted share, compared to net income of \$174,000, or \$0.01 per diluted share, in the third quarter of 2012. Non-GAAP net income per diluted share was \$0.15, compared to non-GAAP net income per diluted share of \$0.10 in the third quarter of 2012. Adjusted EBITDA for the third quarter of 2013 increased 66% to \$3.6 million, compared to the third quarter of 2012.

"We experienced another quarter of solid momentum across our business," said Archie Black, President and CEO of SPS Commerce. "Consumers' influence on the retail marketplace continues to evolve, resulting in retailers' needs to expand their presence across e-commerce, brick and mortar and mobile channels. This omni-channel strategy requires greater collaboration between suppliers and retailers. Those who can swiftly respond are well positioned to gain market share against their competitors. SPS Commerce is recognized as one of the most comprehensive, cost effective and efficient ways for suppliers and retailers of all sizes to adapt their supply chain capabilities to this evolution."

Revenue for the nine months ended September 30, 2013 was \$76.4 million, compared to \$54.6 million for the comparable period in 2012. Net income for the nine months ended September 30, 2013 was \$757,000 or \$0.05 per diluted share, compared to net income of \$856,000, or \$0.06 per diluted share, for the comparable period in 2012. Non-GAAP net income per diluted share for the nine months ended September 30, 2013 was \$0.40 compared to non-GAAP net income per diluted share of \$0.30 for the comparable period in 2012. Adjusted EBITDA for the first nine months of this year was \$10.0 million, compared to \$6.4 million for the first nine months last year.

"As we continue to execute against our growth strategy, we feel confident about our position in the market, highlighted by 35% recurring revenue growth," said Kim Nelson, Chief Financial Officer of SPS Commerce. "Reflecting the strength we are seeing in the business, we are pleased to announce that we are raising our full year revenue guidance."

Guidance

For the fourth quarter of 2013, revenue is expected to be in the range of \$27.3 to \$27.8 million. Fourth quarter net income per diluted share is expected to be approximately breakeven with fully diluted weighted average shares outstanding of approximately 16.1 million shares. Non-GAAP net income per diluted share is expected to be in the range of \$0.11 to \$0.12. Adjusted EBITDA is expected to be in the range of \$3.0 to \$3.3 million. Non-cash, share-based compensation expense is expected to be approximately \$1.2 million and amortization expense is expected to be approximately \$720,000.

For the full year of 2013, revenue is expected to be in the range of \$103.7 to \$104.2 million, representing approximately 35% growth over 2012. Full year net income per diluted share is expected to be in the range of \$0.04 to \$0.05 with fully diluted weighted average shares outstanding of approximately 15.9 million shares. Non-GAAP net income per diluted share is expected to be in the range of \$0.51 to \$0.52. Adjusted EBITDA is expected to be in the range of \$13.0 to \$13.3 million. Non-cash, share-based compensation expense is expected to be approximately \$4.3 million and amortization expense is expected to be approximately \$3.2 million.

Quarterly Conference Call

SPS Commerce will discuss its quarterly results today via teleconference at 3:30 p.m. Central Time (4:30 p.m. Eastern Time). To access the call, please dial (877) 312-7508, or outside the U.S. (253) 237-1184, with Conference ID# 73118212 at least five minutes prior to the 3:30 p.m. CT start time. A live webcast of the call will also be available at investors.spscommerce.com under the Events and Presentations menu. The replay will also be available on our website at investors.spscommerce.com.

About SPS Commerce

SPS Commerce perfects the power of your trading partner relationships with the industry's most broadly adopted, enterprise retail cloud services platform. As a leader in on-demand supply chain management solutions, we provide prewired, proven integrations and comprehensive retail performance analytics to thousands of customers worldwide. With a singular focus on the retail marketplace, we revolutionized traditional EDI systems by developing a platform that enables highly cost-effective and reliable trading partner collaboration. SPS Commerce has achieved 51 consecutive quarters of revenue growth and is headquartered in Minneapolis. For additional information, please contact SPS Commerce at 866-245-8100 or visit www.spscommerce.com.

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Use of Non-GAAP Financial Measures

To supplement its financial statements, SPS Commerce also provides investors with Adjusted EBITDA and non-GAAP net income per share, which are non-GAAP financial measures. SPS Commerce believes that these non-GAAP measures provide useful information to management and investors regarding certain financial and business trends relating to its financial condition and results of operations. SPS Commerce's management uses these non-GAAP measures to compare the company's performance to that of prior periods for trend analyses and planning purposes. It uses Adjusted EBITDA for purposes of determining executive and senior management incentive compensation. These measures are also presented to the company's board of directors.

EBITDA consists of net income plus depreciation and amortization, interest expense, interest income, income tax expense and other adjustments as necessary for a fair presentation. Adjusted EBITDA consists of EBITDA plus non-cash, stock-based compensation expense. For third quarter 2013, other adjustments included the impact of a use tax refund related to items previously expensed. SPS Commerce uses Adjusted EBITDA as a measure of operating performance because it assists the company in comparing performance on a consistent basis, as it removes from operating results the impact of the company's capital structure. SPS Commerce believes Adjusted EBITDA is useful to an investor in evaluating the company's operating performance because it is widely used to measure a company's operating performance without regard to items such as depreciation and amortization, which can vary depending upon accounting methods and the book value of assets, and to present a meaningful measure of corporate performance exclusive of the company's capital structure and the method by which assets were acquired.

Non-GAAP net income per share consists of net income plus non-cash, stock-based compensation expense and amortization expense related to intangible assets divided by the weighted average number of shares of common stock outstanding during each period. SPS Commerce believes non-GAAP net income per share is useful to an investor because it is widely used to measure a company's operating performance.

These non-GAAP measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with generally accepted accounting principles in the United States. These non-GAAP financial measures exclude significant expenses and income that are required by GAAP to be recorded in the company's financial statements and are subject to inherent limitations. SPS Commerce urges investors to review the reconciliation of its non-GAAP financial measures to the comparable GAAP financial measures that are included in this press release.

Forward-Looking Statements

This press release may contain forward-looking statements, including information about management's view of SPS Commerce's future expectations, plans and prospects, including our views regarding future execution within our business, the opportunity we see in the retail supply chain world, anticipated investment levels in our business, and our performance for the fourth quarter and full year of 2013, within the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors which may cause the results of SPS Commerce to be materially different than those expressed or implied in such statements. Certain of these risk factors and others are included in documents SPS Commerce files with the Securities and Exchange Commission, including but not limited to, SPS Commerce's Annual Report on Form 10-K for the year ended December 31, 2012, as well as subsequent reports filed with the Securities and Exchange Commission. Other unknown or unpredictable factors also could have material adverse effects on SPS Commerce's future results. The forward-looking statements included in this press release are made only as of the date hereof. SPS Commerce cannot guarantee future results, levels of activity, performance or achievements. Accordingly, you should not place undue reliance on these forward-looking statements. Finally, SPS Commerce expressly disclaims any intent or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

SPS COMMERCE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited; in thousands, except share amounts)

| | September 30, 2013 | December 31, 2012 |
|--|-----------------------------------|----------------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 80,813 | \$ 66,050 |
| Accounts receivable, less allowance for doubtful accounts of \$243 and \$227, respectively | 11,148 | 10,940 |
| Deferred costs, current | 8,699 | 7,346 |
| Deferred income taxes, current | 1,732 | 1,732 |
| Prepaid expenses and other current assets | 2,848 | 5,443 |
| Total current assets | 105,240 | 91,511 |
| PROPERTY AND EQUIPMENT, net | 10,557 | 7,670 |

| | | |
|---|-------------------|-------------------|
| GOODWILL | 25,487 | 25,487 |
| INTANGIBLE ASSETS, net | 17,799 | 20,240 |
| OTHER ASSETS | | |
| Deferred costs, net of current portion | 3,619 | 3,202 |
| Deferred income taxes, net of current portion | 10,698 | 10,853 |
| Other non-current assets | 190 | 238 |
| | <u>\$ 173,590</u> | <u>\$ 159,201</u> |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | |
|--|---------------|---------------|
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 1,685 | \$ 1,857 |
| Accrued compensation and benefits | 8,404 | 6,038 |
| Accrued expenses and other current liabilities | 2,665 | 1,077 |
| Deferred revenue, current | 6,452 | 5,499 |
| Total current liabilities | <u>19,206</u> | <u>14,471</u> |

| | | |
|--|---------------|---------------|
| OTHER LIABILITIES | | |
| Deferred revenue, less current portion | 8,765 | 8,312 |
| Deferred rent | 3,239 | 1,601 |
| Total liabilities | <u>31,210</u> | <u>24,384</u> |

COMMITMENTS and CONTINGENCIES

| | | |
|--|-------------------|-------------------|
| STOCKHOLDERS' EQUITY | | |
| Preferred stock, \$0.001 par value; 5,000,000 shares authorized; 0 shares issued and outstanding | -- | -- |
| Common stock, \$0.001 par value; 55,000,000 shares authorized; 15,271,191 and 14,812,759 shares issued and outstanding, respectively | 15 | 15 |
| Additional paid-in capital | 189,451 | 182,645 |
| Accumulated deficit | (47,086) | (47,843) |
| Total stockholders' equity | <u>142,380</u> | <u>134,817</u> |
| | <u>\$ 173,590</u> | <u>\$ 159,201</u> |

SPS COMMERCE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited; in thousands, except per share amounts)

| | Three Months Ended | | Nine Months Ended | |
|-----------------------------------|--------------------|---------------|-------------------|---------------|
| | September 30, | | September 30, | |
| | 2013 | 2012 | 2013 | 2012 |
| Revenues | \$ 27,008 | \$ 20,267 | \$ 76,418 | \$ 54,622 |
| Cost of revenues | 8,249 | 5,945 | 23,258 | 15,236 |
| Gross profit | <u>18,759</u> | <u>14,322</u> | <u>53,160</u> | <u>39,386</u> |
| Operating expenses | | | | |
| Sales and marketing | 10,291 | 7,840 | 29,163 | 21,259 |
| Research and development | 2,806 | 2,088 | 7,966 | 5,650 |
| General and administrative | 4,284 | 3,726 | 12,542 | 10,079 |
| Amortization of intangible assets | 1,007 | 530 | 2,441 | 1,050 |
| Total operating expenses | <u>18,388</u> | <u>14,184</u> | <u>52,112</u> | <u>38,038</u> |
| Income from operations | 371 | 138 | 1,048 | 1,348 |
| Other income (expense) | | | | |
| Interest expense | -- | (27) | -- | (27) |
| Interest income | 31 | 6 | 76 | 34 |
| Other income (expense) | 37 | (67) | (95) | (170) |
| Total other income (expense), net | <u>68</u> | <u>(88)</u> | <u>(19)</u> | <u>(163)</u> |
| Income before income taxes | 439 | 50 | 1,029 | 1,185 |
| Income tax (expense) benefit | (169) | 124 | (272) | (329) |
| Net income | <u>\$ 270</u> | <u>\$ 174</u> | <u>\$ 757</u> | <u>\$ 856</u> |

Net income per share

| | | | | |
|---|---------|---------|---------|---------|
| Basic | \$ 0.02 | \$ 0.01 | \$ 0.05 | \$ 0.07 |
| Diluted | \$ 0.02 | \$ 0.01 | \$ 0.05 | \$ 0.06 |
| Weighted average common shares used to compute net income per share | | | | |
| Basic | 15,223 | 13,042 | 15,064 | 12,500 |
| Diluted | 15,986 | 13,894 | 15,781 | 13,373 |

SPS COMMERCE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited; in thousands)

| | Nine Months Ended | |
|---|--------------------------|------------------|
| | September 30, | |
| | 2013 | 2012 |
| Cash flows from operating activities | | |
| Net income | \$ 757 | \$ 856 |
| Reconciliation of net income to net cash provided by operating activities | | |
| Deferred income taxes | 155 | 220 |
| Depreciation and amortization of property and equipment | 3,586 | 2,117 |
| Amortization of intangible assets | 2,441 | 1,050 |
| Provision for doubtful accounts | 315 | 295 |
| Stock-based compensation | 3,120 | 2,042 |
| Changes in assets and liabilities | | |
| Accounts receivable | (523) | (1,184) |
| Deferred costs | (1,770) | (1,675) |
| Prepaid expenses and other current assets | 2,643 | (484) |
| Accounts payable | (172) | 1,328 |
| Accrued compensation and benefits | 2,366 | 1,516 |
| Accrued expenses and other current liabilities | 145 | 179 |
| Deferred rent | 1,638 | -- |
| Deferred revenue | <u>1,406</u> | <u>2,006</u> |
| Net cash provided by operating activities | <u>16,107</u> | <u>8,266</u> |
| Cash flows from investing activities | | |
| Purchases of property and equipment | (5,030) | (2,845) |
| Business acquisitions, net of cash acquired | <u>--</u> | <u>(26,262)</u> |
| Net cash used in investing activities | <u>(5,030)</u> | <u>(29,107)</u> |
| Cash flows from financing activities | | |
| Net proceeds from exercise of options to purchase common stock | 3,095 | 1,137 |
| Excess tax benefit from exercise of options to purchase common stock | 40 | 24 |
| Net proceeds from employee stock purchase plan | 551 | -- |
| Payments of capital lease obligations | -- | (410) |
| Proceeds from common stock offering | -- | 57,940 |
| Stock offering costs | <u>--</u> | <u>(120)</u> |
| Net cash provided by financing activities | <u>3,686</u> | <u>58,571</u> |
| Net increase in cash and cash equivalents | 14,763 | 37,730 |
| Cash and cash equivalents at beginning of period | <u>66,050</u> | <u>31,985</u> |
| Cash and cash equivalents at end of period | <u>\$ 80,813</u> | <u>\$ 69,715</u> |

SPS COMMERCE, INC.

NON-GAAP RECONCILIATION

(Unaudited; in thousands, except per share amounts)

| | Three Months Ended | | Nine Months Ended | |
|---|---------------------------|-------------|--------------------------|-------------|
| | September 30, | | September 30, | |
| | 2013 | 2012 | 2013 | 2012 |
| Net income | \$ 270 | \$ 174 | \$ 757 | \$ 856 |
| Depreciation and amortization of property and equipment | 1,233 | 873 | 3,586 | 2,117 |
| Amortization of intangible assets | 1,007 | 530 | 2,441 | 1,050 |

| | | | | |
|--|-----------------|-----------------|-----------------|-----------------|
| Interest expense | -- | 27 | -- | 27 |
| Interest income | (31) | (6) | (76) | (34) |
| Income tax expense (benefit) | 169 | (124) | 272 | 329 |
| Other | (105) | -- | (105) | -- |
| | | | | |
| EBITDA | 2,543 | 1,474 | 6,875 | 4,345 |
| Non-cash, stock-based compensation expense | 1,085 | 715 | 3,120 | 2,042 |
| | | | | |
| Adjusted EBITDA | <u>\$ 3,628</u> | <u>\$ 2,189</u> | <u>\$ 9,995</u> | <u>\$ 6,387</u> |
| | | | | |
| Net income | \$ 270 | \$ 174 | \$ 757 | \$ 856 |
| Non-cash, stock-based compensation expense | 1,085 | 715 | 3,120 | 2,042 |
| Amortization of intangible assets | 1,007 | 530 | 2,441 | 1,050 |
| | | | | |
| Non-GAAP income | <u>\$ 2,362</u> | <u>\$ 1,419</u> | <u>\$ 6,318</u> | <u>\$ 3,948</u> |
| | | | | |
| Shares used to compute non-GAAP income per share | | | | |
| Basic | 15,223 | 13,042 | 15,064 | 12,500 |
| Diluted | 15,986 | 13,894 | 15,781 | 13,373 |
| | | | | |
| Non-GAAP income per share | | | | |
| Basic | \$ 0.16 | \$ 0.11 | \$ 0.42 | \$ 0.32 |
| Diluted | \$ 0.15 | \$ 0.10 | \$ 0.40 | \$ 0.30 |

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