

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) July 23, 2015

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 July 23, 2015 we issued a press release disclosing our results of operations and financial condition for our second quarter ended June 30, 2015. 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 July 23, 2015

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: July 23, 2015

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 Second Quarter 2015 Financial Results

### Company Delivers 26% Growth in Recurring Revenue Over 2014

MINNEAPOLIS, July 23, 2015 (GLOBE NEWSWIRE) -- SPS Commerce (Nasdaq:SPSC), a leading provider of cloud-based supply chain management solutions, today announced financial results for the second quarter ended June 30, 2015.

Revenue was \$38.8 million in the second quarter of 2015, compared to \$31.1 million in the second quarter of 2014, reflecting 25% growth in revenue from the second quarter 2014. Recurring revenue grew 26% from the second quarter of 2014.

Net income in the second quarter of 2015 was \$651,000 or \$0.04 per diluted share, compared to net income of \$639,000, or \$0.04 per diluted share, in the second quarter of 2014. Non-GAAP net income per diluted share was \$0.18, compared to non-GAAP net income per diluted share of \$0.16 in the second quarter of 2014. Adjusted EBITDA for the second quarter of 2015 increased 11% to \$5.0 million, compared to the second quarter of 2014.

"We had a great first half of the year as we remain focused on the multibillion dollar market opportunity in front of us, by addressing consumers' demand for an omnichannel buying experience," said Archie Black, President and CEO of SPS Commerce. "As larger suppliers and retailers drive increased collaboration throughout the industry, we expect to continue moving upmarket and look forward to advancing our leadership position within the supply chain world."

"SPS Commerce had a strong second quarter, highlighted by 26% recurring revenue growth," said Kim Nelson, Chief Financial Officer. "Given our performance and the opportunity we see ahead, we believe we are well positioned to continue executing against our growth plan by adding customers and increasing wallet share in the second half of the year."

### Guidance

For the third quarter of 2015, revenue is expected to be in the range of \$39.6 to \$40.1 million. Third quarter 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 17.1 million shares. Non-GAAP net income per diluted share is expected to be in the range of \$0.19 to \$0.20. Adjusted EBITDA is expected to be in the range of \$5.4 to \$5.9 million. Non-cash, share-based compensation expense is expected to be approximately \$1.7 million, depreciation expense is expected to be approximately \$1.8 million and amortization expense is expected to be approximately \$850,000.

For the full year of 2015, revenue is expected to be in the range of \$156.9 to \$158.4 million, representing 23% to 24% growth over 2014. Full year net income per diluted share is expected to be in the range of \$0.15 to \$0.18 with fully diluted weighted average shares outstanding of approximately 17.1 million shares. Non-GAAP net income per diluted share is expected to be in the range of \$0.73 to \$0.77. Adjusted EBITDA is expected to be in the range of \$21 to \$22 million. Non-cash, share-based compensation expense is expected to be approximately \$6.6 million, depreciation expense is expected to be approximately \$6.9 million and amortization expense is expected to be approximately \$3.4 million. Also for the year, we expect an annual effective tax rate of approximately 40%, with cash taxes for the year to be minimal.

### Quarterly Conference Call

SPS Commerce will discuss its quarterly results today via teleconference at 3:30 p.m. CT (4:30 p.m. ET). To access the call, please dial (877) 312-7508, or outside the U.S. (253) 237-1184, with Conference ID# 81746639 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](http://investors.spscommerce.com) under the Events and Presentations menu. The replay will also be available on our website at [investors.spscommerce.com](http://investors.spscommerce.com).

### About SPS Commerce

SPS Commerce perfects the power of trading partner relationships with the industry's most broadly adopted, retail cloud services platform. As a leader in cloud-based supply chain management solutions, we provide proven integrations and comprehensive retail performance analytics to thousands of customers worldwide. SPS Commerce has achieved 58 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](http://www.spscommerce.com).

SPS COMMERCE, SPS, and RETAIL UNIVERSE are marks of SPS Commerce, Inc. and Registered in the U.S. Patent and Trademark Office. 1=INFINITY logo, AS THE NETWORK GROWS, SO DOES YOUR OPPORTUNITY, INFINITE RETAIL POWER, RETAIL UNIVERSE, RSX, SPS logo, and others are further marks of SPS Commerce, Inc. These marks may be registered or otherwise protected in other countries.

### 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. 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 and our performance for the third quarter and full year of 2015, 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, 2014, 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)

	<b>June 30,</b>	<b>December</b>
	<b>2015</b>	<b>31,</b>
	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 121,344	\$ 130,795
Accounts receivable, less allowance for doubtful accounts of \$313 and \$279, respectively	17,255	15,422
Deferred costs	14,003	12,055
Deferred income taxes	76	76
Other current assets	6,393	3,846
Total current assets	159,071	162,194
PROPERTY AND EQUIPMENT, net	12,952	11,361
GOODWILL	34,303	34,854
INTANGIBLE ASSETS, net	16,915	18,851
MARKETABLE SECURITIES, non-current	9,995	--
<b>OTHER ASSETS</b>		
Deferred costs, non-current	5,445	5,267
Deferred income taxes, non-current	10,880	11,035

Other non-current assets	365	213
Total assets	<u>\$ 249,926</u>	<u>\$ 243,775</u>

## LIABILITIES AND STOCKHOLDERS' EQUITY

### CURRENT LIABILITIES

Accounts payable	\$ 3,706	\$ 3,961
Accrued compensation	9,468	9,926
Accrued expenses	2,129	2,470
Deferred revenue	7,833	7,505
Deferred rent	704	698
Total current liabilities	<u>23,840</u>	<u>24,560</u>

### OTHER LIABILITIES

Deferred revenue, non-current	10,996	10,653
Deferred rent, non-current	3,178	3,471
Total liabilities	<u>38,014</u>	<u>38,684</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; 16,563,361 and 16,348,747 shares issued and outstanding, respectively	16	16
Additional paid-in capital	257,317	250,633
Accumulated deficit	(42,851)	(44,088)
Accumulated other comprehensive loss	(2,570)	(1,470)
Total stockholders' equity	<u>211,912</u>	<u>205,091</u>
Total liabilities and stockholders' equity	<u>\$ 249,926</u>	<u>\$ 243,775</u>

## SPS COMMERCE, INC.

### CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited; in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Revenues	\$ 38,846	\$ 31,100	\$ 75,816	\$ 60,039
Cost of revenues	<u>12,335</u>	<u>9,627</u>	<u>23,907</u>	<u>18,882</u>
Gross profit	<u>26,511</u>	<u>21,473</u>	<u>51,909</u>	<u>41,157</u>
Operating expenses				
Sales and marketing	14,101	11,570	27,845	22,454
Research and development	4,495	3,365	8,564	6,339
General and administrative	6,055	4,842	11,873	9,353
Amortization of intangible assets	833	682	1,678	1,399
Total operating expenses	<u>25,484</u>	<u>20,459</u>	<u>49,960</u>	<u>39,545</u>
Income from operations	1,027	1,014	1,949	1,612
Other income (expense)				
Interest income, net	37	50	74	99
Other income (expense), net	<u>(57)</u>	<u>35</u>	<u>(169)</u>	<u>(21)</u>
Total other income (expense), net	<u>(20)</u>	<u>85</u>	<u>(95)</u>	<u>78</u>
Income before income taxes	1,007	1,099	1,854	1,690
Income tax expense	<u>(356)</u>	<u>(460)</u>	<u>(617)</u>	<u>(678)</u>
Net income	<u>\$ 651</u>	<u>\$ 639</u>	<u>\$ 1,237</u>	<u>\$ 1,012</u>
Net income per share				
Basic	\$ 0.04	\$ 0.04	\$ 0.08	\$ 0.06
Diluted	\$ 0.04	\$ 0.04	\$ 0.07	\$ 0.06

Weighted average common shares used to compute net income per share

Basic	16,536	16,210	16,485	16,183
Diluted	16,998	16,768	17,043	16,799

**SPS COMMERCE, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited; in thousands)

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities</b>		
Net income	\$ 1,237	\$ 1,012
Reconciliation of net income to net cash provided by operating activities		
Deferred income taxes	155	576
Depreciation and amortization of property and equipment	3,109	2,823
Amortization of intangible assets	1,678	1,399
Provision for doubtful accounts	518	323
Stock-based compensation	3,146	2,698
Changes in assets and liabilities		
Accounts receivable	(2,397)	(2,060)
Deferred costs	(2,126)	(2,260)
Other current and non-current assets	(2,710)	(491)
Accounts payable	125	1,202
Accrued compensation	(409)	(342)
Accrued expenses	(324)	421
Deferred revenue	671	1,809
Deferred rent	(286)	(170)
Net cash provided by operating activities	<u>2,387</u>	<u>6,940</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(5,079)	(3,380)
Purchases of marketable securities	(9,989)	--
Net cash used in investing activities	<u>(15,068)</u>	<u>(3,380)</u>
<b>Cash flows from financing activities</b>		
Net proceeds from exercise of options to purchase common stock	2,396	922
Excess tax benefit from exercise of options to purchase common stock	400	60
Net proceeds from employee stock purchase plan	741	672
Net cash provided by financing activities	<u>3,537</u>	<u>1,654</u>
Effect of foreign currency exchange rate changes	(307)	--
Net increase (decrease) in cash and cash equivalents	(9,451)	5,214
Cash and cash equivalents at beginning of period	<u>130,795</u>	<u>131,294</u>
Cash and cash equivalents at end of period	<u>\$ 121,344</u>	<u>\$ 136,508</u>

**SPS COMMERCE, INC.**

**NON-GAAP RECONCILIATION**

(Unaudited; in thousands, except per share amounts)

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Net income	\$ 651	\$ 639	\$ 1,237	\$ 1,012
Depreciation and amortization of property and equipment	1,568	1,519	3,109	2,823
Amortization of intangible assets	833	682	1,678	1,399
Interest income, net	(37)	(50)	(74)	(99)
Income tax expense	356	460	617	678

Other	--	(69)	--	(69)
EBITDA	3,371	3,181	6,567	5,744
Stock-based compensation expense	<u>1,647</u>	<u>1,359</u>	<u>3,146</u>	<u>2,698</u>
Adjusted EBITDA	<u>\$ 5,018</u>	<u>\$ 4,540</u>	<u>\$ 9,713</u>	<u>\$ 8,442</u>
Net income	\$ 651	\$ 639	\$ 1,237	\$ 1,012
Stock-based compensation expense	1,647	1,359	3,146	2,698
Amortization of intangible assets	<u>833</u>	<u>682</u>	<u>1,678</u>	<u>1,399</u>
Non-GAAP income	<u>\$ 3,131</u>	<u>\$ 2,680</u>	<u>\$ 6,061</u>	<u>\$ 5,109</u>

Shares used to compute non-GAAP income

per share

Basic	16,536	16,210	16,485	16,183
Diluted	16,998	16,768	17,043	16,799

Non-GAAP income per share

Basic	\$ 0.19	\$ 0.17	\$ 0.37	\$ 0.32
Diluted	\$ 0.18	\$ 0.16	\$ 0.36	\$ 0.30

CONTACT: Investor Relations  
The Blueshirt Group  
Lisa Laukkanen  
Nicole Gunderson  
SPSC@blueshirtgroup.com  
415-217-7722

Kay Rindels  
SPS Commerce  
866-245-8100  
krindels@spscommerce.com