



SPS Commerce Acquires MAPADOC

August 27, 2019

Acquisition expands SPS Commerce's Sage and Acumatica leadership in full-service EDI for suppliers and their trading partners

MINNEAPOLIS, Aug. 27, 2019 (GLOBE NEWSWIRE) -- SPS Commerce, Inc. (NASDAQ: SPSC), a leader in retail cloud services, today announced the acquisition of the MAPADOC business, an operating unit of SWK Technologies, Inc. and a leading provider of EDI System Automation solutions for the Sage and Acumatica markets.

"SPS Commerce is excited to announce that today we have acquired MAPADOC, a strategic partner that we have worked with over the past 15 years to jointly deliver EDI and system expertise in the Sage and Acumatica markets," said Archie Black, President and CEO of SPS Commerce. "We are pleased to welcome MAPADOC employees and customers to the SPS Commerce community and we look forward to our continued partnership."

"SPS Commerce shares our vision of providing the easiest-to-use, most automated EDI solutions that help suppliers in the Sage and Acumatica markets work better with their trading partners while benefitting from deep ERP integration," said Mark Meller, CEO of SWK Technologies. "We are excited that the product innovation and industry-leading support our customers have come to expect from the MAPADOC team will continue and accelerate as part of a larger organization."

As part of the SPS Commerce community, MAPADOC customers will have access to the industry's broadest retail trading network, leading ERP, e-commerce and logistics applications, global supply chain partners, and opportunities to enhance supply chain efficiency.

Acquisition Details

Under the terms of the acquisition agreement, SPS Commerce acquired MAPADOC for \$11.5 million in cash.

SPS Commerce anticipates the acquisition will have a nominal impact to third quarter and full year 2019 expected financial results. The company expects the acquisition to contribute approximately \$2 million in revenue and approximately \$1 million in Adjusted EBITDA in fiscal year 2020.

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 74 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.

Adjusted EBITDA consists of net income adjusted for depreciation and amortization, interest expense, interest income, income tax expense, stock-based compensation expense, and other adjustments as necessary for a fair presentation. 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 income per share consists of net income plus stock-based compensation expense, amortization expense related to intangible assets, and other adjustments as necessary for a fair presentation, divided by the weighted average number of shares of common stock outstanding during each period. SPS Commerce includes an adjustment to non-GAAP income to reflect the income tax effects of the adjustments to GAAP net income. To quantify these tax effects, SPS Commerce recalculates income tax expense excluding the direct book and tax effects of the specific items constituting the non-GAAP adjustments (e.g., stock-based compensation expense). The difference between this recalculated income tax expense and GAAP income tax expense is presented as the income tax effect of the non-GAAP adjustments.

SPS Commerce believes non-GAAP 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, our positioning for the future and our performance for the third quarter and full year of 2019 and fiscal year 2020, 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, 2018, 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.

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