



SPS Commerce Acquires Genius Central

Nov 3, 2021

Acquisition strengthens company's leadership in the food retail, food distribution, and health and wellness categories

MINNEAPOLIS, Nov. 03, 2021 (GLOBE NEWSWIRE) -- SPS Commerce, Inc. (NASDAQ: SPSC), a leader in retail cloud services, today announced the acquisition of Genius Central, a software solution provider known for its expertise in the natural and organic foods industry.

"We are excited about the acquisition of Genius Central, a leader in in-aisle ordering for natural and specialty food grocers," said Archie Black, President and CEO of SPS Commerce. "We believe this partnership will strengthen SPS' leadership in food retail, food distribution, and health and wellness, while we expand our community across the grocery industry."

"Genius Central is excited about a partnership with SPS Commerce and combining two best-in-class companies to create an even greater impact on our customers," said Angie Jula, Executive Director of Genius Central. "SPS shares Genius Central's vision of building innovative technologies to simplify commerce and connect buyers and sellers. Both companies have a long track record of creating innovative solutions that are delivered by dedicated professionals."

As part of the SPS Commerce community, Genius Central customers will have access to the industry's broadest trading community, which includes more than 95,000 trading partners in over 80 countries.

Acquisition Details

Under the terms of the agreement and plan of merger, SPS Commerce acquired Genius Central for approximately \$17 million in cash.

For the fourth quarter of 2021, SPS Commerce anticipates the acquisition will add approximately \$450,000 of revenue and have a nominal negative impact to fourth quarter and full year Adjusted EBITDA. For fiscal year 2022, the company expects the acquisition will add approximately \$3 million in revenue, and to be accretive to Adjusted EBITDA in the first 12 months following the acquisition, contributing approximately \$1 million to Adjusted EBITDA in fiscal year 2023 and beyond.

About SPS Commerce

SPS Commerce is the world's leading retail network, connecting trading partners around the globe to optimize supply chain operations for all retail partners. We support data-driven partnerships with innovative cloud technology, customer-obsessed service and accessible experts so our customers can focus on what they do best. To date, more than 95,000 companies in retail, distribution, grocery and e-commerce have chosen SPS as their retail network. SPS has achieved 83 consecutive quarters of revenue growth and is headquartered in Minneapolis. For additional information, contact SPS 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, which is a non-GAAP financial measure. SPS Commerce believes that this non-GAAP measure provides useful information to management, our board of directors, and investors regarding certain financial and business trends relating to its financial condition and results of operations. SPS Commerce's management uses this non-GAAP measure to compare the company's performance to that of prior periods for trend analyses and planning purposes. Adjusted EBITDA is also used for purposes of determining executive and senior management incentive compensation.

Adjusted EBITDA consists of net income adjusted for income tax expense, depreciation and amortization expense, stock-based compensation expense, realized gain or loss from foreign currency on cash and investments held, investment income or loss, 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.

This non-GAAP measure should not be considered a substitute for, or superior to, financial measures calculated in accordance with generally accepted accounting principles in the United States. This non-GAAP financial measure excludes significant expenses and income that are required by GAAP to be recorded in the company's financial statements and are subject to inherent limitations.

Forward-Looking Statements

This press release contains 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 fourth quarter and full year of 2021 and full year 2022, 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, 2020, 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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