



SPS Commerce Acquires GCommerce

July 20, 2022

Acquisition strengthens company's leadership in the automotive aftermarket industry

MINNEAPOLIS, July 20, 2022 (GLOBE NEWSWIRE) -- SPS Commerce, Inc. (NASDAQ: SPSC), a leader in retail cloud services, today announced the acquisition of GCommerce, a leading EDI provider within the automotive aftermarket industry.

"We are excited about the acquisition of GCommerce, a software solution provider known for its expertise in the automotive aftermarket industry," said Archie Black, CEO of SPS Commerce. "We are pleased to welcome GCommerce employees and customers to the SPS Commerce community, and I am looking forward to capitalizing on our joint passion for innovation and focus on excellent customer experience."

"GCommerce is excited to join SPS Commerce, which marks the next phase in our strategy to deliver compelling solutions and value to our customers," said Steven Smith, CEO of GCommerce. "For two decades, GCommerce has delivered transformative solutions to make our customers more competitive. SPS Commerce shares our vision of helping trading partners work better together through people, process and innovation."

As part of the SPS Commerce community, GCommerce customers will have access to the industry's broadest trading community, which includes more than 105,000 trading partners in over 80 countries.

Acquisition Details

Under the terms of the agreement and plan of merger, SPS Commerce acquired GCommerce for approximately \$45 million in cash.

For the third quarter of 2022, SPS Commerce anticipates the acquisition will add approximately \$1 million of revenue and expects Adjusted EBITDA to be negatively impacted by approximately \$300,000. For fiscal year 2022, the Company expects the acquisition will add approximately \$2.5 million in revenue and expects Adjusted EBITDA to be negatively impacted by approximately \$300,000. The Company expects the acquisition to contribute approximately \$7 million in revenue and approximately \$2.5 million in Adjusted EBITDA in fiscal year 2023.

The Company will provide consolidated third quarter 2022 guidance and an update to the full year 2022 outlook in its second quarter financial results press release to be issued on July 27, 2022.

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 105,000 companies in retail, distribution, grocery and e-commerce have chosen SPS as their retail network. SPS has achieved 85 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 third quarter and full year of 2022 and full year 2023, 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, 2021, 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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Contact:
Investor Relations
The Blueshirt Group
Irmina Blaszczyk
Lisa Laukkanen
SPSC@blueshirtgroup.com
415-217-4962



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