



SPS Commerce to Acquire TIE Kinetix

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TIE Kinetix strengthens company's e-invoicing capability and expands the SPS Commerce community in Europe

MINNEAPOLIS, July 26, 2023 (GLOBE NEWSWIRE) -- SPS Commerce, Inc. (NASDAQ: SPSC), a leader in retail cloud services, today announced that it has reached an agreement to acquire TIE Kinetix, a leading provider of supply chain digitalization including EDI and e-invoicing in Europe. The transaction is subject to customary closing conditions, including the approval of the shareholders of TIE Kinetix N.V.

"We are looking forward to welcoming TIE Kinetix employees and customers to our growing network of trading partners around the world," said Archie Black, CEO of SPS Commerce. "With the acquisition of TIE Kinetix, SPS Commerce is strengthening its e-invoicing capabilities, while expanding our European presence to serve our growing network with access to international markets."

"We are excited to join SPS Commerce and leverage TIE's e-invoicing capabilities to capitalize on the opportunity presented by mandatory e-invoicing regulations across Europe," said Jan Sundelin, CEO of TIE Kinetix. "Our offering will complement SPS' next generation EDI solution and competitively position the combined company across the B2B and B2G markets."

Acquisition Details

Under the terms of the purchase agreement, SPS Commerce will acquire the TIE Kinetix business for approximately €64.5 million, net of cash acquired. Founded in 1987, TIE Kinetix is publicly traded on NYSE Euronext under the symbol TIE and is headquartered in the Netherlands with employees also based in France, Germany, and the United States.

As soon as reasonably possible, TIE Kinetix will convene an extraordinary general meeting of shareholders for the purpose of, amongst others, a shareholder vote on the transaction.

The transaction is expected to close during the third quarter of 2023, subject to the satisfaction of customary closing conditions. Until close, the companies will continue to operate independently.

SPS Commerce currently intends to finance the acquisition with cash on hand.

Based on the current expectations for the timing of the close of the acquisition in the third quarter, SPS Commerce provided the following preliminary information on the anticipated financial impact of the acquisition.

SPS Commerce anticipates the acquisition will have a nominal impact on the third quarter 2023 expected financial results, with the exception of approximately \$1 million of certain one-time deal-related costs.

For the fourth quarter of 2023, SPS Commerce anticipates the acquisition will add approximately \$3.9 million of revenue and expects Adjusted EBITDA of the acquired business to be approximately (\$500,000). The Company expects the acquisition to contribute approximately \$16.0 million in revenue and at least breakeven in Adjusted EBITDA in fiscal year 2024. The Company also expects the acquisition to contribute \$2 million to \$3 million to Adjusted EBITDA in fiscal year 2025.

The forward-looking measures and the underlying assumptions involve significant known and unknown risks and uncertainties, and actual results may vary materially. The Company does not present a reconciliation of the forward-looking non-GAAP financial measure, Adjusted EBITDA, to the most directly comparable GAAP financial measure, net income, because it is impractical to forecast certain items without unreasonable efforts due to the uncertainty and inherent difficulty of predicting, within a reasonable range, the occurrence and financial impact of and the periods in which such items may be recognized.

The Company will provide additional details on the acquisition during its Second Quarter Earnings conference call on July 27, 2023.

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 115,000 companies in retail, grocery, distribution, supply, and logistics have chosen SPS as their retail network. SPS has achieved 89 consecutive quarters of revenue growth and is headquartered in Minneapolis. For additional information, contact SPS at 866-245-8100 or visit www.spscommerce.com.

SPS COMMERCE, SPS, SPS logo and INFINITE RETAIL POWER are marks of SPS Commerce, Inc. and registered in the U.S. Patent and Trademark Office, along with other SPS marks. Such marks may also 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, 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. Net income is the comparable GAAP measure of financial performance.

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 and TIE Kinetix's anticipated performance and results for the third quarter and full year of 2023 and full year 2024 and 2025, 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, 2022, 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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