



SPS Commerce Acquires Traverse Systems

May 9, 2024

Acquisition expands company's product portfolio in supply chain performance and optimization

Company to host conference call today at 8:30 a.m. ET

MINNEAPOLIS, May 09, 2024 (GLOBE NEWSWIRE) -- SPS Commerce, Inc. (NASDAQ: SPSC), a leader in retail supply chain cloud services, today announced the acquisition of Traverse Systems, an industry leading SaaS platform that provides retailers and their merchandise suppliers a unified view of supply chain performance to improve collaboration and enhance the consumer experience.

Traverse Systems provides scorecarding and vendor performance management solutions for retailers, driving supply chain efficiencies such as increased on-time and in-full shipments, enhanced inventory accuracy, greater visibility into inbound shipments, real-time disruption management, and improved invoice accuracy.

"Retailers and suppliers using our leading retail network are continuously seeking to improve supply chain performance," said Chad Collins, CEO of SPS Commerce. "Traverse Systems' expertise and proven track record in driving more streamlined collaboration between trading partners will benefit SPS customers and expand our capabilities in retail supply chain optimization."

"We believe by combining Traverse Systems' unique product offering with the SPS Commerce retail network, we can better enable retailers and their trading partners to seamlessly and effectively co-operate to meet consumer demand, reduce inefficiencies, and increase revenue," said Greg Holder, Co-Founder and CEO of Traverse Systems.

Acquisition Details

Under the terms of the purchase agreement, SPS Commerce acquired Traverse Systems for approximately \$25 million in cash and \$4.3 million in SPS Commerce stock.

For the second quarter of 2024, SPS Commerce anticipates the acquisition will add approximately \$600,000 in revenue and expects Adjusted EBITDA to be negatively impacted by approximately \$200,000.

For fiscal year 2024, the company expects the acquisition will add approximately \$2.9 million in revenue and breakeven in Adjusted EBITDA.

For fiscal year 2025, the company expects the acquisition will add approximately \$5 million in revenue and approximately \$1.5 million in Adjusted EBITDA.

Additional details, including the amortization expense associated with the acquisition, will be provided when the company reports second quarter results in July 2024.

Conference Call

SPS Commerce will host a conference call today at 7:30 a.m. CT (8:30 a.m. ET). To access the call, please dial 1-833-816-1382, or outside the U.S. 1-412-317-0475 at least 15 minutes prior to the 7:30 a.m. CT start time. Please ask to join the SPS Commerce conference call. A live webcast of the call will also be available at <http://investors.spscommerce.com> under the Events and Presentations menu. The replay will also be available on our website at <http://investors.spscommerce.com>.

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 120,000 companies in retail, grocery, distribution, supply, and logistics have chosen SPS as their retail network. SPS has achieved 93 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, we provide investors with Adjusted EBITDA, which is a non-GAAP financial measure. We believe that this non-GAAP measure provides useful information to our management, Board of Directors, and investors regarding certain financial and business trends relating to our financial condition and results of operations. Our management uses this non-GAAP measure to compare our performance to that of prior periods for trend analyses and planning purposes and for purposes of determining executive and senior management incentive compensation. We believe this non-GAAP financial measure is useful to an investor as it is widely used in evaluating 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 capital structure and the method by which assets were acquired.

Adjusted EBITDA consists of net income adjusted for depreciation and amortization, investment income (interest income/expense, realized investments gain/loss excluding realized gain/loss from foreign currency on investments), income tax expense, stock-based compensation expense, realized gain/loss from foreign currency on cash and investments held, 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 GAAP. This non-GAAP financial measure excludes significant expenses and income that are required by GAAP and is 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, and the opportunity we see in the retail supply chain world 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, 2023, 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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