

## Risk Factors Comparison 2025-02-19 to 2024-02-21 Form: 10-K

**Legend:** New Text Removed Text Unchanged Text Moved Text Section

Set forth below and elsewhere in this Annual Report on Form 10- K, and in other documents we file with the SEC, are risks and uncertainties that could cause our actual results to differ materially from the results contemplated by the forward- looking statements contained in this Annual Report on Form 10- K and in other written and oral communications from time to time. You should carefully consider all of the following risks and the other information in this Report and our other filings with the SEC before you decide to invest in our Company or to maintain or increase your investment. Our business could be harmed by any of these risks. The trading price of our common stock could decline due to any of these risks. In assessing these risks, you should also refer to the other information contained in this Annual Report on Form 10- K, including our consolidated financial statements and related notes. The SPS COMMERCE, INC. 11 Form 10- K for the Annual Period ended December 31, 2023 The risks included in this section are not the only ones we face. We operate in a very competitive and rapidly changing environment. New risk factors emerge from time- to- time, and it is not possible for management to predict all such risk factors, nor can it assess the potential impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those in any forward- looking statements. If any of the following risks actually occur, our business, results of operations, financial condition and future prospects would likely suffer. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment. Business If we are unable to attract new customers, or sell additional products to existing customers, or if our customers do not increase their use of our products, our revenue growth and profitability will be adversely affected. To increase our revenue and achieve and maintain profitability, we believe that we must regularly add new customers, sell additional products to existing customers, and our customers must increase their use of the products for which they currently subscribe. We intend to grow our business by retaining and attracting talent, developing strategic relationships with resellers, including resellers that incorporate our applications in their offerings, and increasing our marketing activities. If we are unable to hire or retain quality personnel, convert companies that have been referred to us by our existing network into paying customers, ensure the effectiveness of our marketing programs, or if our existing or new customers do not perceive our products to be of sufficiently high value and quality, we might not be able to increase sales and our operating results will be adversely affected. If we fail to sell our products to existing or new customers, we will not generate anticipated revenues from these products, our operating results will suffer, and we will not be able to grow our revenues or maintain profitability as planned. We do not have long- term contracts with most of our recurring revenue customers, and therefore a lack of success in maintaining or improving forecasted renewal rates will have adverse effects on revenue and financial results. Most of our contracts with our recurring revenue customers allow the customer to cancel the contract for any reason with 30 to 90 days' notice. Our continued success therefore depends significantly on our ability to meet or exceed our recurring revenue customers' expectations because most recurring revenue customers do not make long- term commitments to use our products. In addition, if our reputation in the supply chain management industry is harmed or diminished for any reason, our recurring revenue customers have the ability to terminate their relationship with us on short notice and seek alternative supply chain management solutions. We may also not be able to accurately predict future trends in customer renewals, and our customers' renewal rates may decline or fluctuate because of several factors, including their dissatisfaction with our services, the cost of our services compared to the cost of services offered by our competitors and reductions in our customers' spending levels. If a significant number of recurring revenue customers seek to terminate their relationship with us, our business, results of operations and financial condition would be adversely affected in a short period of time. SPS COMMERCE, INC. 12 Form 10- K for the Annual Period ended December 31, Economic 2024 Economic weakness and uncertainty could adversely affect our revenue, lengthen our sales cycles, and make it more difficult for us to forecast operating results accurately. Our revenues depend significantly on general economic conditions and the sustainability and health of retailers. Economic weakness and constrained retail spending may result in slower growth, or reductions, in revenues and gross profits in the future. We have experienced, and may experience in the future, reduced spending in our business due to financial turmoil affecting the U. S. and global economy, and other macroeconomic factors affecting spending behavior. Uncertainty about future economic conditions increases the difficulty of forecasting operating results and making decisions about future investments. In addition, economic conditions or uncertainty may cause customers and potential customers to reduce or delay technology purchases, including purchases of our products. Our sales cycles may lengthen if purchasing decisions are delayed as a result of uncertain technology or development budgets or contract negotiations become more protracted or difficult as customers institute additional internal approvals for technology purchases. Delays or reductions in technology spending could have a material adverse effect on demand for our products, and consequently our results of operations and prospects. SPS COMMERCE, INC. 12 Form 10- K for the Annual Period ended December 31, 2023 Our continued growth could significantly strain our personnel resources and infrastructure, and if we are unable to implement appropriate controls and procedures to manage our growth, we may not be able to implement our business plan successfully. We have experienced a period of rapid growth in our headcount and operations. To the extent that we are able to sustain such growth, it might place a significant strain on our management, administrative, operational, and financial resources, and infrastructure. Our success will depend in part upon the ability of our senior management to manage this growth effectively. To do so, we must continue to hire, train, and manage new employees as needed. To manage the expected growth of our operations and personnel, we will need to continue to improve our operational, financial and management controls and our reporting systems and procedures. If we fail to successfully manage our growth, we will be unable to execute our business plan as

expected. If we fail to attract, retain, and train members of our senior management team and other key personnel, ~~or if we are not able to successfully manage the transition of our Chief Executive Officer or our President and Chief Operating Officer,~~ our business could be adversely affected. Given the complex nature of the cloud- based technology through which our business operates and the speed with which such technology advances, our future success is dependent, in large part, upon our ability to attract, retain, and train highly qualified key executive, managerial, technology, and sales personnel. Competition for talented personnel is intense and we cannot be certain that we can retain our key personnel or that we can attract, assimilate, or retain such personnel in the future to adequately scale our business. Additionally, the loss of any key ~~,~~ or a significant number of ~~,~~ personnel in our technology, customer success, or sales teams might significantly delay or prevent the achievement of our business objectives and could materially harm our business, customer relationships, results of operations and financial condition. Further, ~~we our former Chief Executive Officer, Archie Black, retired as Chief Executive Officer effective October 2, 2023, and the board of directors appointed his successor, Chad Collins, as of that date. We also announced the planned~~ retirement of our President and Chief Operating Officer, James Frome, effective December 31, 2024. Leadership transitions and management changes involve inherent risks, can be difficult to manage ~~,~~ and may cause uncertainty or a disruption, which could adversely affect our business. If the market for cloud- based supply chain management products declines or does not maintain its historical growth rates, our revenues may decline or fail to grow, and we may incur operating losses. We derive, and expect to continue to derive, substantially all of our revenues from providing cloud- based supply chain management products to retailers, grocers, distributors, suppliers, **manufacturers,** and logistics firms. The market for these products has historically experienced growth, but it is uncertain whether these products will continue or sustain growing levels of demand and market acceptance. Our success will depend on the willingness of retailers and their trading partners to accept our products as an alternative to traditional licensed hardware and software products. Some retailers, grocers, distributors, suppliers, or logistics firms may be reluctant or unwilling to use our cloud- based products for a number of reasons, including their potential significant initial investment to replace existing investments in supply chain management hardware and licensed software and perceived loss of control over user data with a cloud- based product. Other factors that may limit market acceptance of our cloud- based supply chain management products include: • our ability to maintain high levels of customer satisfaction; • our ability to maintain continuity of service for all users of our cloud- based products; **SPS COMMERCE, INC. 13Form 10- K for the Annual Period ended December 31, 2024** • the price, performance, and availability of competing products, both new and existing; and • our ability to address customers' confidentiality and security concerns about information stored within our cloud- based products. If customers do not perceive the benefits of our cloud- based supply chain management products, or if customers are unwilling to accept our cloud- based products as an alternative to the on- premise software or other options approach, demand for our products may not continue to grow or may grow more slowly than we expect, either of which would adversely affect our revenues, growth prospects, and overall operating results. ~~SPS COMMERCE, INC. 13Form 10- K for the Annual Period ended December 31, 2023~~ The markets in which we participate are highly competitive, and our failure to compete successfully would make it difficult for us to add and retain customers and would reduce or impede the growth of our business. The markets for supply chain management products are increasingly competitive and global. We expect competition to increase in the future both from existing competitors and new companies that may enter our markets. We face competition from: • cloud- service providers that deliver business- to- business information systems using a multi- tenant approach; • traditional on- premise software providers; and • managed service providers that combine traditional on- premise software with professional technology services. Moreover, our industry is highly fragmented, and we believe it is likely that our existing competitors will continue to consolidate or will be acquired. In addition, some of our competitors may enter into new alliances with each other or may establish or strengthen cooperative relationships with systems integrators, third- party consulting firms or other parties. New entrants not currently considered to be competitors may also enter the market through new technology offerings, acquisitions, partnerships, or other strategic relationships. Any such new offerings, consolidation, acquisition, alliance or cooperative relationship could lead to pricing pressure, loss of customers and loss of market share, and could result in one or more competitors with greater financial, technical, marketing, service and other resources, all of which could have a material adverse effect on our business, operating results and financial condition. Increased competition could reduce our market share, revenues, and operating margins, increase our costs of operations, and otherwise adversely affect our business. To remain competitive, we will need to invest continuously in software development, marketing, customer service and support, product delivery and other cloud- based network infrastructure. However, we cannot assure you that new or established competitors will not offer products that are superior to ours or lower in price than ours, or both. We may not have sufficient resources to continue the investments in all areas of software development, marketing, customer service and support and infrastructure needed to maintain our competitive position which may diminish our market share and business prospects. We may not be able to successfully integrate or otherwise operate newly acquired companies or businesses, which could adversely affect our financial results. Acquisitions involve numerous risks including: • incurring significantly higher than anticipated capital expenditures and operating expenses; • failing to assimilate the operations, customers, and personnel of the acquired company or business; • disrupting our ongoing business; • dissipating or distracting our management resources; • dilution to existing stockholders from the issuance of equity securities; • liabilities or other problems associated with the acquired business; • becoming subject to adverse tax consequences, substantial depreciation, or deferred compensation charges; • compliance with laws and regulations and exposure to other contingent liabilities; • retaining key management of the acquired company; • failing to maintain uniform standards, controls, and policies; and **SPS COMMERCE, INC. 14Form 10- K for the Annual Period ended December 31, 2024** • impairing relationships with employees and customers as a result of changes in management. ~~SPS COMMERCE, INC. 14Form 10- K for the Annual Period ended December 31, 2023~~ Fully integrating an acquired company or business into our operations may take a significant amount of time and resources. In addition, we may only be able to conduct limited due diligence on an acquired company' s operations. Following an acquisition, we may be subject to liabilities arising from an acquired company' s past or

present operations, including liabilities related to data security, encryption and privacy of customer data, and these liabilities may be greater than the warranty and indemnity limitations that we negotiate, **or the coverage we secure under representation and warranty insurance**. We cannot assure you that we will be successful in overcoming these risks or any other problems encountered with acquisitions. To the extent we do not successfully avoid or overcome the risks or problems related to any acquisitions, our results of operations and financial condition could be adversely affected. Future acquisitions also could impact our financial position and capital needs and could cause substantial fluctuations in our quarterly and yearly results of operations. We also may not be able to achieve anticipated synergies or financial results post acquisition, which could negatively impact our operations and financial results. Acquisitions could include significant goodwill and intangible assets, which may result in future impairment charges that would reduce our stated earnings. Because our long-term success depends, in part, on our ability to expand the sales of our products to customers located outside of the United States and expand operations to support such expansion, our business will be increasingly susceptible to risks associated with international operations. Our limited experience in operating our business outside of the United States increases the risk that our current and any future international expansion efforts will not be successful. Expanding international sales and operations subjects us to new risks that, generally, we have not faced in the U. S., including: • misjudging the markets and competitive landscape of foreign jurisdictions; • ~~fluctuations in currency exchange rates~~; • longer accounts receivable payment cycles and difficulties in collecting accounts receivable; • difficulties in managing and staffing international operations; • differing technology standards; • potentially adverse tax consequences, including the complexities of foreign value added tax systems and restrictions on the repatriation of earnings; • localization of our products, including translation into foreign languages and associated expenses; • the burdens of complying with a wide variety of foreign laws and regulations, and changes to such laws and regulations, including laws and regulations related to employment, privacy and tax; • increased financial accounting and reporting burdens and complexities; • unexpected changes in effective tax rates due to international tax liabilities subject to allocation of expenses in differing jurisdictions; • political, social, and economic instability abroad, terrorist attacks and security concerns in general; • greater potential for corruption and bribery; and • reduced or varied protection for intellectual property rights in some countries. The occurrence of any one of these risks could adversely affect our international business and, consequently, our results of operations generally. Additionally, operating in international markets also requires significant management attention and financial resources. We cannot be certain that the investment and additional resources required in establishing, acquiring, or integrating operations in other countries will produce desired levels of revenues or profitability. In addition, we operate in parts of the world that are recognized as having governmental corruption problems and where local customs and practices may not foster strict compliance with anti-corruption laws. Our continued operation and potential expansion outside the U. S. could increase the risk of such violations in the future. Despite our training and compliance programs, we cannot assure you that our internal control policies and procedures will protect us from unauthorized, reckless, or criminal acts committed by our employees or agents, including by third parties we utilize in foreign jurisdictions. In the event that we believe, or have reason to believe, that our employees or agents have or may have violated applicable anti-corruption laws, including the U. S. Foreign Corrupt Practices Act, we may be required to investigate or have outside counsel investigate the relevant facts and circumstances, which can be expensive and require significant time and attention from senior management. Violations of these laws may result in severe civil and criminal sanctions and penalties, which could disrupt our business and have a material adverse effect on our reputation, results of operations or financial condition. SPS COMMERCE, INC. 15Form 10-K for the Annual Period ended December 31, ~~2023~~ **2024** Any unrest, military activities, or sanctions impacting our international operations, should they occur, could disrupt operations, and have a material adverse effect on our business. Any such disruption to our operations may be prolonged and require a transition to alternative workforce locations. An alternative workforce location may be more expensive to train, staff, and operate and may cause delays and shortfalls in programming deliverables and services, thus potentially harming our business. Given our significant international workforce in Ukraine and the Philippines and the potentially volatile political and civil unrest situations in both areas, including but not limited to Russian interference and civil unrest with multiple groups, respectively, we are more susceptible to disruptions there. Those potentially disruptive environments are out of our control and we cannot predict the outcome of future developments or reactions to such developments by the U. S., European, Asian, Oceanic, United Nations or other international authorities and organizations. **We may face exposure to fluctuations in foreign currency exchange rates, which could affect our financial condition and results of operations. While we transact in U. S. dollars with the majority of our customers, vendors, and employees, and expect to continue in the future, we also transact in currencies other than the U. S. dollar due to our international operations. As a result, our consolidated U. S. dollar financial statements are subject to fluctuations due to changes in exchange rates. Accordingly, declines in the value of foreign currencies relative to the U. S. dollar adversely affect our financial condition and results of operations. Although we may in the future decide to undertake foreign exchange hedging transactions to cover a portion of our foreign currency exchange exposure, we currently do not hedge our exposure to foreign currency exchange risks.** Our failure to raise additional capital or generate cash flows necessary to expand our operations and invest in new technologies could reduce our ability to compete successfully and adversely affect our results of operations. We may need to raise additional capital due to shortfalls in cash flow or for other reasons, and we may not be able to obtain debt or additional equity financing on favorable terms, if at all. If we raise additional equity financing, our security holders may experience significant dilution of their ownership interests and the value of shares of our common stock could decline. If we engage in debt financing, we may be required to accept terms that restrict our ability to incur additional indebtedness, force us to maintain specified liquidity or other ratios or restrict our ability to pay dividends or make acquisitions. If we need additional capital and cannot raise it on acceptable terms, we may not be able to, among other things: • develop and enhance our products; • continue to expand our technology development, sales, and marketing organizations; • acquire new or complementary technologies, products, or businesses; • hire, train and retain employees; or • respond to competitive pressures or

unanticipated working capital requirements. Our inability to do any of the foregoing could reduce our ability to compete successfully and adversely affect our results of operations. **The extent Products and Service Offerings Any new products and changes to existing products we pursue could fail to attract or retain customers or generate expected revenues. Our ability to retain, increase, and engage our customers and to increase our revenues depends heavily on our ability to identify, develop, and launch successful new products. We may introduce significant changes to our existing products or develop and introduce new and unproven products which public health emergencies such as epidemics include or use technologies with which we have little or no prior development or operating experience. If new or enhanced products fail to garner expected customer demand in a timely manner or at all, pandemics we may fail to generate sufficient revenues, operating margin, or other value to justify our investments and** similar outbreaks may adversely impact our business ; results of operations and financial condition will depend on on-going and future developments and outcomes, which are highly uncertain and cannot be predicted. Our business operations and financial results may be adversely **affected** impacted by public health emergencies, such as epidemics, pandemics, and similar outbreaks. Despite our efforts to manage these impacts, their ultimate impact also depends on factors beyond our knowledge or control, including the duration and severity of any such outbreak and actions taken to contain its spread and mitigate its public health effects. Public health emergencies could have adverse impacts on our business operations by limiting our employees' ability to work and travel, disrupting our third-party technology providers, or causing internal operational workflow to change, among other potentially unforeseen circumstances given the uncertainties related to public health emergencies. Additionally, public health emergencies may cause significant disruptions and changes in the economic or political conditions in markets in which we operate. This may cause significant volatility in demand for our services due to, among other adverse impacts, disruption and downturns in our customers' businesses and related supply chains, an acceleration of existing customer bankruptcies, or our customers' inability to pay for our services when due or in full. Although certain customers may have a reduced demand for our services, we also may see increased demand by certain customer segments, potentially offsetting reduced demand. SPS COMMERCE, INC. 16Form 10-K for the Annual Period ended December 31, 2023-2024 **Products and Service Offerings Any new products and changes to existing products we pursue could fail to attract or retain customers or generate expected revenues. Our ability to retain, increase, and engage our customers and to increase our revenues depends heavily on our ability to identify, develop, and launch successful new products. We may introduce significant changes to our existing products or develop and introduce new and unproven products which include or use technologies with which we have little or no prior development or operating experience. If new or enhanced products fail to garner expected customer demand in a timely manner or at all, we may fail to generate sufficient revenues, operating margin, or other value to justify our investments and our business may be adversely affected.** Our business is dependent on our ability to maintain and scale our technical infrastructure, and any failure to effectively maintain or scale such infrastructure could damage our reputation, result in a potential loss of revenue, and adversely affect our financial results. Our reputation and ability to attract, retain and serve our customers is dependent upon the reliable performance of our cloud-based products and our underlying technical infrastructure and cloud providers. As our user base and the amount and types of information shared on our cloud-based network continue to grow, we will need an increasing amount of technical infrastructure, including network capacity and computing power, to continue to satisfy the needs of our users. It is possible that we or our cloud providers may fail to effectively maintain and scale our technical infrastructure to accommodate these increased demands. Any failure to effectively maintain and grow our technical infrastructure could result in interruptions or delays in service which may damage our reputation, result in a potential loss of customers, and adversely affect our financial results. Our inability to adapt to rapid technological change could impair our ability to remain competitive. The industry in which we compete is characterized by rapid technological change, frequent introductions of new products, and evolving industry standards, which may include advancements in artificial intelligence. Existing products can become obsolete and unmarketable when vendors introduce products utilizing new technologies or new industry standards emerge, and as a result, it is difficult for us to predict the life cycles of our products. Our ability to attract new customers and increase revenues from customers will depend in significant part on our ability to anticipate technological changes, and the corresponding impact on customer needs, evolving requirements, and future industry standards, and to continue to enhance our existing products or introduce or acquire new products to keep pace with such technological developments. The success of our enhanced or new products depend on several factors, including the timely completion, introduction and market acceptance of the enhancement or product. Any new product we develop or acquire might not be introduced in a timely or cost-effective manner and might not achieve the broad market acceptance necessary to generate expected revenues. If any of our competitors or new market entrants implement new technologies or upgrades to existing technologies before we are able to implement them, they may be able to provide more effective products than ours at lower prices. Any delay or failure in the introduction of new or enhanced products could adversely affect our business, results of operations and financial condition. We rely on third-party infrastructure, software and services that could take significant time, and involve a complex transition, to replace or upgrade. We rely on infrastructure, software and services licensed from third parties to offer our cloud-based supply chain management products. This infrastructure, software, and services, as well as related maintenance and updates, may not continue to be available to us on commercially reasonable terms, or at all. If we lose the right to use or upgrade any of these licenses, our customers could experience delays or be unable to access our products until we can obtain and integrate equivalent technology. There might not always be commercially reasonable alternatives to the third-party infrastructure, software, and services that we currently license. Any such alternatives could be more difficult or costly to replace than what we currently license, and integration of the alternatives into our cloud-based products could require significant work and resources and delays. Any delays or failures associated with our cloud-based products could damage our reputation with current and potential customers and have an adverse effect on our business. SPS COMMERCE, INC. 17Form 10-K for the Annual Period ended December 31, 2023-2024 Interruptions or delays from third-party data centers or to the telecommunications infrastructure we use or rely on could impair

the delivery of our products and our business could suffer. We use third- party data centers, located in the U. S. and internationally, as well as provision services from cloud providers, to conduct our operations. Our ability to deliver our services depends on the development and maintenance of telecommunications infrastructure by third parties. This includes maintenance of a reliable network backbone with the necessary speed, data capacity, bandwidth capacity, and security. Our operations depend on the protection of the equipment and information we store in these third- party centers, or utilize from third- party providers, against damage or service interruptions that may be caused by fire, flood, severe storm, power loss, telecommunications failures, natural disasters, war, criminal act, military action, terrorist attack, financial failure of the service provider, and other events beyond our control. In addition, third- party malfeasance, such as intentional misconduct by computer hackers, unauthorized intrusions, computer viruses, ransomware, or denial of service attacks, may also cause substantial service disruptions. A prolonged service disruption affecting our products could damage our reputation with potential customers, cause us to lose existing customers, expose us to liability, or otherwise adversely affect our business. We may also incur significant costs for using alternative equipment or taking other actions in preparation for, or in reaction to, events that damage the data centers or infrastructure we use or rely on, including the additional expense of transitioning to substitute facilities or service providers. A failure to protect the **confidentiality and integrity and security** of our customers' information and prevent cyber-attacks could materially damage our reputation, expose us to claims and litigation, and lead to service disruptions and harm our business. Additionally, the growing costs to avoid or reduce the risks of such a failure could adversely affect our results of operations. As demonstrated by the frequency and sophistication of material and high- profile data security breaches **across within the retail industry industries** -, computer malware, viruses, **computer hacking, phishing attacks, spamming spam**, ransomware, and other cyber threats **have become more prevalent in our industry continue to pose a pervasive issue for business**. Given the interconnected **and technology- dependent** nature of the retail supply chain, our significant presence **and impact** in the retail industry, and **past the occurrence of cyber events affecting** -attacks on our system **systems in the past, we it' s reasonable to** believe that we are a target for such attacks. Our business involves the collection and use of confidential information of our customers and their trading partners which sometimes requires our direct access to our customers' information systems. Our security measures may be breached as a result of third- party action, including intentional misconduct by computer hackers via cyber- attacks, employee error, malfeasance, system errors or vulnerabilities, including vulnerabilities of our third- party vendors and customers, and result in someone obtaining unauthorized access to our customers' information and information systems. Additionally, third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as usernames, passwords, or other information in order to gain access to our customers' data or our data or IT systems. Because the techniques used to obtain unauthorized access, or to sabotage systems, change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Malicious third parties may also conduct attacks designed to temporarily deny customers access to our services. Any failure to maintain performance, reliability, security and availability of our cloud- based products to the satisfaction of our customers, or any unauthorized access to our customers' information or systems may cause service disruptions, harm our reputation, impair our ability to retain existing customers and attract new customers and expose us to legal claims or government action, each of which could have a material adverse impact on our financial condition, results of operations and growth prospects. Although we are allocating more resources to address cyber threats and safeguard our products and services, including **cyber insurance in the event of a breach**, we cannot assure you that these efforts to protect this confidential information and prevent unauthorized access to such information systems will be successful, and the growing costs related to these efforts could adversely affect our results of operations. In addition, because of the critical nature of information security and system access, any actual or perceived failure of our security measures could cause existing or potential customers not to use our products and harm our reputation. **SPS COMMERCE, INC. 18Form 10- K for the Annual Period ended December 31, 2023** Businesses in the retail industry have experienced material sales declines after discovering data security breaches, and our business could be similarly impacted in the event of a breach or other cyber incident. Furthermore, many U. S. states and international jurisdictions have enacted laws requiring companies to notify consumers of data security breaches involving their personal data **and to increase transparency**. Additionally, the SEC recently issued final rules related to cybersecurity risk management and incident disclosure, **all of** which may further increase our **required disclosures and cost costs** of compliance **in such events**. These mandatory disclosures regarding a data security breach or other cyber incident often lead to widespread negative publicity, which may cause our customers to lose confidence in our products and the effectiveness of our **data security cybersecurity** measures. If we fail to comply with these laws and regulations, we could be subject to enforcement action or litigation, which could harm our business. **SPS COMMERCE, INC. 18Form 10- K for the Annual Period ended December 31, 2024** We may experience service failures or interruptions due to defects in the hardware, software, infrastructure, third- party components or processes that comprise our existing or new products, any of which could adversely affect our business. Technology products like ours may contain undetected defects in the hardware, software, infrastructure, third- party components or processes that are part of the products we provide. If these defects lead to service failures, we could experience delays or lost revenues, diversion of technology resources, negative media attention or increased service costs as a result of performance- based claims during the period required to correct the cause of the defects. We cannot be certain that defects will be avoided in our upgraded or new products, resulting in loss of, or delay in, market acceptance, which could have an adverse effect on our business, results of operations and financial condition. Because customers use our cloud- based supply chain management products for critical business processes, any defect in our products, any disruption to our products or any error in execution could cause recurring revenue customers to cancel their contracts with us, cause potential customers to not join our network and harm our reputation. We could also be subject to litigation for actual or alleged losses to our customers, which may require us to spend significant time and money in litigation or arbitration or to pay significant settlements or damages. We do not currently maintain any warranty reserves. Moreover, defending a lawsuit, regardless of its merit, could be costly and divert

management's attention and could cause our business to suffer. The insurers under our existing liability insurance policy could deny coverage of a future claim that results from an error or defect in our technology or a resulting disruption in our products, or our existing liability insurance might not be adequate to cover any or all of the damages and other costs of such a claim. Moreover, we cannot assure you that our current liability insurance coverage will continue to be available to us on acceptable terms or at all. The successful assertion against us of one or more large claims that exceeds, or is not insured by, our insurance coverage, or the occurrence of changes in our liability insurance policy, including an increase in premiums or imposition of large deductible or co-insurance requirements, could have an adverse effect on our business, financial condition, and operating results. If open source, or other no-cost products and services, expand into enterprise application and supply chain software or products, our prices, revenues, and operating results may decline. The open source community comprises many different formal and informal groups of software developers and individuals who have created a wide variety of software and have made that software available for use, distribution, and modification, often free of charge. If developers contribute effective and scalable enterprise and supply chain application software to the open source community, or if competitors make such software or service available at no cost, we may need to lower our product pricing and alter our distribution strategy to compete successfully, and our revenues and operating results may decline as a result. The use of open source software in our products may expose us to additional risks and harm our intellectual property. Some of our products use or incorporate software that is subject to one or more open source licenses. Open source software is typically licensed under terms that require making the software freely accessible, usable, and modifiable. Failure to comply with these licenses may subject us to onerous requirements, such as offering our products that incorporate the open source software for no cost or making the source code we create based upon, incorporating, or using the open source software available for modifications or derivative works. If an author or third-party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from the sale of our services that contained the open source software and required to comply with the foregoing conditions, which could disrupt the distribution and sale of some of our products. **While we have established standards** ~~SPS COMMERCE, INC. 19Form 10-K for the Annual Period ended December 31, 2023~~ **While we monitor** the use of open source software in our products, processes and technology ~~and work~~ to ensure that open source software is not used in such a way as to require us to disclose the source code to the related product or products, such use could inadvertently occur. Additionally, if a third-party software provider has incorporated certain types of open source software into software we license from such third-party for our products, we could, under certain circumstances, be required to disclose the source code to our products. This could harm our intellectual property position and have a material adverse effect on our business, results of operations and financial condition. **SPS COMMERCE, INC. 19Form 10-K for the Annual Period ended December 31, 2024** If we fail to protect our intellectual property and proprietary rights adequately, our business could suffer material adverse effects. We believe that proprietary technology is essential to establishing and maintaining our leadership position. We seek to protect our intellectual property through trade secrets, copyrights, confidentiality, non-compete and nondisclosure agreements, license agreements, trademarks, domain names and other measures, some of which afford only limited protection. We do not have any registered copyrights. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or reverse engineer aspects of our technology or to obtain and use information that we regard as proprietary. We cannot assure you that our means of protecting our proprietary rights will be adequate or that our competitors will not independently develop similar or superior technology or design around our intellectual property. In addition, the laws of some foreign countries do not protect our proprietary rights to the same extent as the laws of the U. S. and intellectual property protections may also be unavailable, limited or difficult to enforce in some countries, which could make it easier for competitors to capture market share. Our failure to adequately protect our intellectual property and proprietary rights could adversely affect our business, financial condition, and results of operations. In addition, if we resort to legal proceedings to enforce our intellectual property rights or to determine the validity and scope of the intellectual property or other proprietary rights of others, the proceedings could be burdensome and expensive, even if we were to prevail. Any such legal proceedings, including litigation, that are pursued in the future could result in substantial costs and diversion of resources and could have a material adverse effect on our business, operating results, or financial condition, regardless of whether we prevail in such proceedings. An assertion by a third-party that we are infringing its intellectual property, whether or not correct, could subject us to costly and time-consuming litigation or expensive licenses and our business might be materially harmed. The supply chain management industry and its enabling technologies are characterized by the existence of a large number of patents, copyrights, trademarks, and trade secrets and by frequent litigation based on allegations of infringement or other violations of intellectual property rights. As we seek to extend our products, we could be constrained by the intellectual property rights of others. We might not prevail in any intellectual property infringement litigation against us given, among other reasons, the complex technical issues, and inherent uncertainties in such litigation. Moreover, defending such claims, regardless of their merit, could be time-consuming and distracting to management, result in costly litigation or settlement, cause development delays, require us to enter into royalty or licensing agreements or require us to redesign our products to avoid infringement. If our products violate any third-party proprietary rights, we could be required to withdraw those products from the market, re-develop those products or seek to obtain licenses from third parties, which might not be available on reasonable terms or at all. Any efforts to re-develop our products, obtain licenses from third parties on favorable terms or license a substitute technology might be unsuccessful and, in any case, might substantially increase our costs and harm our business, financial condition and operating results. We also face risk of infringement or misappropriation claims if we hire an employee or contractor who possesses third-party proprietary information and who decides to use such information in connection with our products, services, or business processes without such third-party's authorization. Regardless of the source of such misuse of third-party intellectual property, any resulting withdrawal of our products from the market might materially harm our business, financial condition, and operating results. In

addition, we incorporate open source software into our cloud- based products. Given the nature of open source software, third parties might assert copyright and other intellectual property infringement claims against us based on our use of certain open source software programs. The terms of many open source licenses to which we are subject have not been interpreted by U. S. or foreign courts, and there is a risk that those licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to commercialize our products. In that event, we could be required to seek licenses from third parties in order to continue offering our products, to re- develop our products or to discontinue sales of our products, or to release our proprietary software code under the terms of an open source license, any of which could have a material adverse effect on our business. SPS COMMERCE, INC. 20Form 10- K for the Annual Period ended December 31, 2023-2024 Regulation Privacy concerns and laws, evolving regulation of the internet and cloud computing, cross- border data transfer restrictions and other domestic or foreign regulations may limit the use and adoption of our products and adversely affect our business. Regulation related to the provision of services on the internet is increasing, as federal, state, and foreign governments continue to adopt new laws and regulations addressing eCommerce generally, data privacy and the collection, processing, storage and use of personal information, including but not limited to the European Union' s General Data Protection Regulation (" GDPR" ). We are particularly sensitive to these risks because the internet and the collection, processing, storage, and use of personal information are critical components of our cloud- based business model. Further, laws are increasingly aimed at the use of personal information for marketing purposes, such as the European Union' s e- Privacy Directive, and the country- specific regulations that implement that directive. Such laws and regulations are subject to differing interpretations and are inconsistent among jurisdictions. These and other requirements could reduce demand for our products or restrict our ability to store and process data or, in some cases, impact our ability to offer, or develop new, services and products in certain locations. In addition to government activity, privacy advocacy and other industry groups have established or may establish new self- regulatory standards that may place additional burdens on us. Our customers may expect us to meet voluntary certification or other standards established by third parties. If we are unable to maintain these certifications or meet these standards, it could adversely affect our ability to provide our products to certain customers and could harm our business. The costs of compliance with and other burdens imposed by laws, regulations and standards are significant and may limit the use and adoption of our services and reduce overall demand for them, or lead to material fines, penalties, or liabilities for noncompliance. Furthermore, concerns regarding data privacy may cause our customers' customers to resist providing the data necessary to allow our customers to use our service effectively. Even the perception that the privacy of personal information is not satisfactorily protected or does not meet regulatory requirements could inhibit sales and adoption of our cloud- based products. Industry- specific regulation is evolving, and unfavorable or burdensome industry- specific laws, regulations or interpretive positions could harm our business. Our customers and potential customers do business in a variety of industries. Regulators in certain industries have adopted and may in the future adopt regulations or interpretive positions regarding the use of cloud computing and other outsourced services. The costs of compliance with, and other burdens imposed by, industry- specific laws, regulations and interpretive positions may limit customers' use and adoption of our services and reduce overall demand for our services. In addition, an inability to satisfy the standards of certain voluntary third- party certification bodies that our customers may expect may have an adverse impact on our business. If in the future we are unable to achieve or maintain these industry- specific certifications or other requirements or standards relevant to our customers, it may harm our business. In some cases, industry- specific laws, regulations, or interpretive positions may also apply directly to us as a service provider. Any failure or perceived failure by us to comply with such requirements could have an adverse impact on our business. Ownership of Our Common Stock Our results of operations may fluctuate in the future, which could result in volatility in our stock price. Our quarterly revenues and results of operations have varied in the past and may fluctuate in the future. Fluctuations in our results of operations may be due to a number of factors, including, but not limited to, those listed below and identified throughout this " Risk Factors " section: • our ability to retain and increase sales to customers and attract new customers, including our ability to maintain and increase our number of recurring revenue customers; • the timing and success of introductions of new products or upgrades by us or our competitors; • the strength of the U. S. and global economy, in particular, as it affects the U. S. retail sector; • the financial condition of our customers; • changes in our pricing policies or those of our competitors; SPS COMMERCE, INC. 21Form 10- K for the Annual Period ended December 31, 2023-2024 • competition, including entry into the industry by new competitors; • the amount and timing of our expenses, including stock- based compensation and expenditures related to expanding our operations, attracting and retaining talent, supporting new customers, performing research and development, or introducing new products; • changes in laws and regulations impacting our business; • regulatory compliance costs and unforeseen legal expenses, including litigation and settlement costs; • the timing, size, integration and operational success of potential future acquisitions; • changes in the payment terms for our products; and • system or service failures, security breaches or network downtime. Due to the foregoing factors, and other risks, including those identified in this " Risk Factors " section, comparing our operating results on a period- to- period basis may not be meaningful. You should not rely on these comparisons of our past results of operations as an indication of our future performance. Our operating results in one or more future quarters may fluctuate, fall below the expectations of securities analysts and investors, or be less than any guidance we may provide to the market. If this occurs, the trading price of our common stock could decline significantly. Our charter documents and Delaware law may delay, discourage, or inhibit a takeover that stockholders consider favorable. Provisions of our certificate of incorporation and bylaws and applicable provisions of Delaware law may delay, discourage, or inhibit transactions involving an actual or potential change in our control or change in our management, including transactions in which stockholders might otherwise receive a premium for their shares, or transactions that our stockholders might otherwise deem to be in their best interests, and may ultimately result in the market price of our common stock being lower than it would be without these provisions. These provisions: • permit our board of directors to issue up to 5, 000, 000 shares of preferred stock, with any rights, preferences and privileges as our board may designate, including the right to approve an acquisition or other change in our control; • provide that the authorized number

of directors may be changed by resolution of the board of directors; • provide that all vacancies, including newly created directorships, may, except as otherwise required by law, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum; • provide that stockholders seeking to present proposals before a meeting of stockholders or to nominate candidates for election as directors at a meeting of stockholders must provide notice in writing in a timely manner, and also specify requirements as to the form and content of a stockholder's notice; and • do not provide for cumulative voting rights. In addition, Section 203 of the Delaware General Corporation Law generally limits our ability to engage in any business combination with certain persons who own 15 % or more of our outstanding voting stock or any of our associates or affiliates who at any time in the past three years have owned 15 % or more of our outstanding voting stock. These provisions may have the effect of entrenching our management team and may deprive you of the opportunity to sell your shares to potential acquirers at a premium over prevailing prices. This potential inability to obtain a control premium could reduce the price of our common stock. We do not intend to declare dividends on our stock in the foreseeable future. We currently intend to retain all future earnings for the operation and expansion of our business and, therefore, do not anticipate declaring or paying cash dividends on our common stock in the foreseeable future. Investors may need to sell all or part of their holdings of our common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Any payment of future cash dividends on our common stock will be at the discretion of our board of directors and will depend upon our results of operations, earnings, capital requirements, financial condition, future prospects, contractual restrictions, and other factors deemed relevant by our board of directors. Therefore, you should not expect to receive dividend income from shares of our common stock. SPS COMMERCE, INC. 22Form 10- K for the Annual Period ended December 31, ~~2023~~ 2024 Our failure to maintain adequate internal control over financial reporting in accordance with Section 404 of the Sarbanes- Oxley Act of 2002 or to prevent or detect material misstatements in our annual or interim financial statements in the future could result in inaccurate financial reporting, or could otherwise harm our business and investor confidence in our financial reporting. Ensuring that we have internal financial and accounting controls and procedures adequate to produce accurate financial statements on a timely basis is a costly and time- consuming effort that needs to be re- evaluated periodically. The Sarbanes- Oxley Act requires, among other things, that we maintain effective internal control over financial reporting and disclosure controls and procedures. In particular, we are required to perform annual system and process evaluation and testing of our internal control over financial reporting to allow management and our independent registered public accounting firm to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes- Oxley Act. Furthermore, implementing any appropriate future changes to our internal control over financial reporting **, including internal controls related to acquisitions and organic business growth,** may entail substantial costs in order to modify our existing accounting systems, may take a significant period of time to complete and may distract our officers, directors, and employees from the operation of our business. If we are not able to comply with the requirements of Section 404 in the future, or if material weaknesses are identified, our business could be harmed and investor confidence in our financial reporting diminished.