

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

July 5, 2023

Date of report (Date of earliest event reported)

SPS COMMERCE, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State of Incorporation)

001-34702

(Commission File Number)

41-2015127

(I.R.S. Employer Identification No.)

333 South Seventh Street, Suite 1000
Minneapolis, Minnesota

(Address of Principal Executive Offices)

55402

(Zip Code)

(612) 435-9400

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.001 per share	SPSC	The Nasdaq Stock Market LLC (Nasdaq Global Market)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Chief Executive Officer Transition

On July 6, 2023, SPS Commerce, Inc. (the “Company”) announced that the Board of Directors of the Company has appointed Chad Collins as the Company’s Chief Executive Officer, effective October 2, 2023 (the “Effective Date”), succeeding Archie Black, who previously announced his retirement as Chief Executive Officer, effective upon his successor’s assumption of that position. Mr. Collins has also been appointed as a director of the Company, effective as of the Effective Date. Also as previously announced, Mr. Black will become the Executive Chair of the Board, and Philip Soran, the current Chair of the Board, will become the lead independent director of the Board, both effective as of the Effective Date.

Mr. Collins, age 47, will join the Company from Körber Supply Chain, a global provider of a wide range of end-to-end supply chain solutions, where he has served as Chief Executive Officer, Software, since August 2017. Previously, he served in various roles, including President and Chief Executive Officer, at HighJump Software, a global provider of supply chain management software and trading partner network technology, and its parent company, Accellos, Inc., beginning in February 2002. Early in his career, Mr. Collins was a supply chain consultant for Cap Gemini Ernst & Young and a manager at Ernst & Young.

Mr. Collins accepted a written offer letter (the “Offer Letter”) from the Company establishing his compensation as Chief Executive Officer. Pursuant to the Offer Letter, Mr. Collins’ initial compensation will consist of the following:

- an initial annualized base salary of \$525,000;
- a cash bonus payment in the amount of \$131,250, payable on the same date as the payouts under the Company’s Management Incentive Plan (“MIP”) for the Company’s 2023 fiscal year, as long as Mr. Collins remains employed on such payment date;
- participation in the Company’s MIP for the performance period consisting of the Company’s 2024 fiscal year in the target dollar amount of 100% of his annualized base salary, with the same terms as the 2024 MIP applicable to other executive officers of the Company;
- the following equity awards under the Company’s 2010 Equity Incentive Plan:
 - as the 2024 equity award, including a pro-rated 2023 equity award:
 - an award of restricted stock units (“RSUs”) with a value of \$4,218,750, to be granted on the fifth business day following the Company’s release of financial results for the year ended December 31, 2023, with the number of RSUs to be determined by dividing the value by the closing stock price on the grant date;
 - an award of performance stock units (“PSUs”) with a target value of \$4,218,750, to be granted on January 2, 2024 (the “PSU Grant Date”), with the number of PSUs to be determined by dividing the value by the closing stock price on the PSU Grant Date;
 - as a sign-on grant, to incentivize Mr. Collins to leave his current employment:
 - an award of RSUs with a value of \$6,500,000, to be granted on the fifth business day following the Company’s release of financial results for the quarter ended September 30, 2023, with the number of RSUs to be determined by dividing the value by the closing stock price on the grant date;
 - an award of PSUs with a target value of \$4,500,000, to be granted on the PSU Grant Date, with the number of PSUs to be determined by dividing the value by the closing stock price on the PSU Grant Date; and
- entitlement to participate in all employee benefit plans and programs to the extent that he meets the eligibility requirements for each individual plan or program.

The foregoing description of the Offer Letter is a summary, does not purport to be complete and is qualified in its entirety by reference to the Offer Letter, which is attached as Exhibit 10.1 to this report and is incorporated herein by reference.

In addition, the Company and Mr. Collins have entered into an Executive Severance and Change in Control Agreement, effective as of October 2, 2023 (the "Severance Agreement"). The Severance Agreement provides for a five-year term of employment with successive automatic one-year extensions, unless either party gives written notice of non-renewal to the other party at least 90 days prior to the five-year anniversary of Mr. Collins' employment start date or 90 days prior to each succeeding one-year anniversary of such date. The Severance Agreement provides that if the Company terminates Mr. Collins without Cause (as defined in the Severance Agreement), or if he resigns from employment for Good Reason (as defined in the Severance Agreement), in either case outside of the period starting three months immediately before a Change in Control (as defined in the Severance Agreement) and continuing for 12 months immediately following a Change in Control (the "Change in Control Period"), then, subject to certain conditions, the Company will pay or provide to him:

- 12 months of his then-current base salary, payable over the 12-month period immediately following the employment termination date in accordance with normal payroll practices;
- 100% of his target annual cash incentive bonus for the year during which the termination date occurs, payable in a lump sum; and
- an amount equal to the premium costs for health, dental and vision coverage that the Company paid per month, multiplied by 12, payable in a lump sum.

The Severance Agreement also provides that if the Company terminates Mr. Collins without Cause or if he resigns from employment for Good Reason, in either case during the Change in Control Period, then, subject to certain conditions, the Company will pay or provide to him:

- 24 months of his then-current base salary, payable in a lump sum;
- 200% of his target annual cash incentive bonus for the year during which the termination date occurs, payable in a lump sum;
- an amount equal to the premium costs for health, dental and vision coverage that the Company paid per month, multiplied by 24, payable in a lump sum; and
- full vesting (which for performance-based equity will be at the target level) of all outstanding equity awards at the termination date, at the later of (a) the date his release becomes irrevocable or (b) the date of the Change in Control.

The Severance Agreement also provides that if (i) Mr. Collins is at least 57 years old and has completed eight years of continuous service with the Company, or Mr. Collins is at least 63 years old (without regard to years of service), (ii) Mr. Collins provides no less than six months' written notice of his retirement from employment, (iii) he continues to perform full-time services for the Company (A) materially consistent with the full-time responsibilities and services performed by him prior to the date on which he provides written notice of retirement or (B) such other substantive services as agreed between him and the Company through the termination date, and (iv) his termination date occurs on or after the retirement date identified by him (and such termination date is no earlier than six months after the date on which he provided written notice of his retirement (except that the Company in its sole discretion may designate a termination date that is after the date on which Mr. Collins provides written notice of his retirement and prior to the retirement date identified by him)), then, subject to certain conditions:

- all of Mr. Collins' unvested equity awards with solely a service-based vesting condition will become fully vested;
 - for any equity awards whose vesting or settlement is subject to the satisfaction of performance goals over a performance period, he will be entitled to have those awards vest on each originally scheduled vesting date for such award in an amount equal to the number of shares subject to the equity award that would otherwise have been determined to have been earned by him had he remained continuously employed by the Company through the originally scheduled vesting date based on the degree to which the applicable performance goals were satisfied during the applicable performance period through the originally scheduled vesting date; and
 - if the Company designates a termination date that is after the date on which Mr. Collins provided written notice of his retirement and prior to the retirement date identified by him, and the termination date is prior to the six month anniversary of the date on which Mr. Collins provided written notice of his retirement, then, in addition to the accelerated or continued vesting of equity awards, the Company shall pay Mr. Collins severance pay equal to: (i) the amount of base salary he would have received from the termination date through the six month anniversary of the date on which he provided written notice of his retirement; plus (ii) an amount equal to the premium costs for health, dental and vision
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coverage that the Company paid during the last full month of his employment, multiplied by the number of complete months remaining between the termination date and such six-month anniversary, payable in a lump sum.

The foregoing description of the Severance Agreement is a summary, does not purport to be complete and is qualified in its entirety by reference to the Severance Agreement, which is attached as Exhibit 10.2 to this report and is incorporated herein by reference.

There are no arrangements or understandings between Mr. Collins and any other persons pursuant to which he was appointed Chief Executive Officer of the Company. He has no family relationships with any of the Company's directors or executive officers, and he is not a party to, and he does not have any direct or indirect material interest in, any transaction requiring disclosure under Item 404(a) of Regulation S-K.

In connection with Mr. Black's transition to Executive Chair of the Board, he will continue to receive the same level of compensation and benefits as he did prior to the transition.

President and Chief Operating Officer Transition

James Frome, the Company's President and Chief Operating Officer, has notified the Company of his intent to retire from the Company, effective December 31, 2024. In connection with such notice, the Compensation & Talent Committee of the Board of Directors has approved that in 2024, Mr. Frome's compensation shall consist of (i) an annual base salary of \$425,000; (ii) Mr. Frome's participation in the MIP for the performance period consisting of the Company's 2024 fiscal year, with Mr. Frome's target dollar amount being \$425,000, with the same terms as the 2024 MIP applicable to other executive officers of the Company; and (iii) a grant of \$5,000,000 in RSUs granted on the RSU Grant Date.

The Company expects that Mr. Frome's services in 2024 will consist of similar services he has provided in the past, as well as transition services, and that he will be entitled to the benefits under his Amended and Restated Executive Severance and Change in Control Agreement, as amended effective March 31, 2023 (the "Frome Agreement"), upon a qualifying retirement, including that (a) all of his unvested equity awards with solely a service-based vesting condition will become fully vested, and (b) for any equity awards whose vesting or settlement is subject to the satisfaction of performance goals over a performance period, he will be entitled to have those awards vest on each originally scheduled vesting date for such award in an amount equal to the number of shares, share units or share equivalents subject to the equity award that would otherwise have been determined to have been earned by him had he remained continuously employed by the Company through the originally scheduled vesting date based on the degree to which the applicable performance goals were satisfied during the applicable performance period through the originally scheduled vesting date.

The foregoing description of the Frome Agreement is a summary, does not purport to be complete and is qualified in its entirety by reference to the form of Amended and Restated Executive Severance and Change in Control Agreement and the form of amendment thereto, which are attached as Exhibits 10.3 and 10.4 to this report and are incorporated herein by reference.

Item 7.01. Regulation FD Disclosure.

On July 6, 2023, the Company issued a press release announcing the leadership transition described in Item 5.02 above. A copy of the press release is attached hereto as Exhibit 99.1.

In accordance with General Instruction B.2 of Form 8-K, the information in this Item 7.01, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference in that filing.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements, including information about future expectations, plans and prospects, including views regarding anticipated continuity, timing and effectiveness of the Chief Executive Officer and President and Chief Operating Officer transitions, 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 the Company to be materially different than those expressed or implied in such statements. Certain of these risk factors and others are included in documents the Company files with the Securities and Exchange Commission, including but not limited to, the Company'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. In addition, these forward-looking statements are subject to factors and uncertainties related to the officer transitions, including disruptions and uncertainties related thereto, the ability of a successor to have the desired level of experience and expertise, the potential impact on the Company's business and future strategic direction resulting from the officer transitions, and the Company's ability to retain other key members of senior management. Other unknown or unpredictable factors also could have material adverse effects on the Company's future results. The forward-looking statements included in this press release are made only as of the date hereof. The Company cannot guarantee future results, levels of activity, performance or achievements. Accordingly, you should not place undue reliance on these forward-looking statements. Finally, the Company 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Exhibit</u>
10.1	Offer Letter between Chad Collins and SPS Commerce, Inc., dated as of July 6, 2023
10.2	Executive Severance and Change in Control Agreement, effective as of October 2, 2023, by and between Chad Collins and SPS Commerce, Inc.
10.3	Form of Amended and Restated Executive Severance and Change in Control Agreement (incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on February 18, 2020)
10.4	Form of Amendment to Amended and Restated Executive Severance and Change in Control Agreement (incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC on March 2, 2023)
99.1	Press Release, issued on July 6, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SPS COMMERCE, INC.

Date: July 6, 2023

By: /s/ KIMBERLY NELSON

Kimberly Nelson

Executive Vice President and Chief Financial Officer

July 5, 2023

Chad Collins (by email)

Chad,

It is our pleasure to offer you employment with SPS Commerce, Inc. (“SPS Commerce” or the “Company”) to be its next Chief Executive Officer.

This letter sets forth the key terms of your employment offer:

Start Date:	We anticipate your employment start date will be October 2, 2023, or sooner as circumstances allow.
Board Appointment:	You will be appointed a member of the Company’s Board of Directors (the Board) effective upon your employment start date.
Base Salary:	Your annualized base salary will be \$525,000, payable in accordance with the Company’s normal payroll practices and procedures and subject to applicable withholdings.
Management Incentive Plan (MIP):	You will be eligible to participate in the Company’s MIP Bonus Plan for the 2024 calendar year. Your annual MIP Bonus Plan target will be 100% of your annualized base salary. Your actual earned incentive shall be determined in accordance with the Company’s MIP award for 2024, for which the Board’s Compensation & Talent Committee will determine the targets at a future date.
2023 Bonus Payment:	For 2023, you will receive a one-time bonus payment in the amount of \$131,250 payable on the same payout date as the Company’s annual MIP Bonus Plan and no later than March 15, 2024. As a condition to receiving payment, you must be employed by the Company on the date of payment.
Equity Awards:	<p>Subject to the approval of the Board’s Compensation & Talent Committee, you are expected to be granted a 2024 annual equity award of restricted stock units (RSUs) with a value of \$4,218,750, to be granted on the fifth business day following SPS Commerce’s release of financial results for the year ended December 31, 2023, with the number of RSUs to be determined by dividing the value by the closing stock price on the RSU grant date. The RSU award will generally vest as to 25% of the shares subject to the award on the first anniversary of the date of grant with the remaining shares vesting pro rata over the following 36 consecutive months provided that you remain employed by SPS Commerce.</p> <p>Subject to the approval of the Board’s Compensation & Talent Committee, you are also expected to be granted an award of performance stock units (PSUs) with a target value of \$4,218,750, to be granted on January 2, 2024, with the number of PSUs to be determined by dividing the value by the closing stock on the PSU grant date. The PSU performance period is three years. The number of PSUs determined in accordance with the award agreement to have been earned as of the end of the applicable performance period will vest on the date the Company’s Compensation & Talent Committee certifies such performance results, which shall be no later than March 15th of the year following the applicable performance period.</p> <p>The actual terms and vesting of your RSUs and PSUs, when granted, will be set forth in the Restricted Stock Units Agreement and Performance Stock Unit Agreement, each between you and SPS Commerce.</p>

SPS COMMERCE, INC.
EXECUTIVE SEVERANCE AND CHANGE IN CONTROL AGREEMENT

This Executive Severance and Change in Control Agreement (the “*Agreement*”), dated effective as of July 5, 2023 (the “*Effective Date*”), is entered into by and between Chadwick Collins (“*Employee*”), and SPS Commerce, Inc., a Delaware corporation, with offices at SPS Tower, 333 South Seventh Street, Suite 1000, Minneapolis, Minnesota 55402 (“*Employer*”).

WHEREAS, Employer is engaged in the business of offering solutions which connect retailers, trading partners and logistics providers around the globe to optimize supply chain operations, including supporting data-driven partnerships with innovative cloud technology and customer-focused service; and

WHEREAS, Employer desires to employ Employee as Employer’s Chief Executive Officer, and Employee desires to accept such employment with Employer; and

WHEREAS, as a condition of Employer’s employment of Employee and Employer entering into this Agreement with Employee, Employee is entering into an At-Will/Confidentiality Agreement with Employer effective as of the same date as the Effective Date (the “*Confidentiality Agreement*”); and

WHEREAS, Employee is willing to be employed by Employer, and Employer is willing to employ Employee, on the terms, covenants, and conditions included in the Confidentiality Agreement and as hereinafter set forth in this Agreement.

For the reasons set forth above, and in consideration of the mutual promises and agreements hereinafter set forth, Employer and Employee agree as follows:

1. TERM. Unless terminated at an earlier date in accordance with Section 3 below, the term of Employee’s employment with Employer under the terms and conditions of this Agreement will be for the period commencing on October 2, 2023 (the “*Start Date*”) and ending on the five (5) year anniversary of the Start Date (the “*Initial Term*”). On the five (5) year anniversary of the Start Date, and on each succeeding one (1) year anniversary of the Start Date (each an “*Anniversary Date*”), the Term shall be automatically extended until the next Anniversary Date (each a “*Renewal Term*”), subject to termination on an earlier date in accordance with Section 3 below or unless either party gives written notice of non-renewal to the other party at least ninety (90) calendar days prior to the Anniversary Date on which this Agreement would otherwise be automatically extended that the party providing such notice elects not to extend the Term. The Initial Term together with any Renewal Terms is the “*Term*.” If Employee remains employed by Employer after the Term ends for any reason, then such continued employment shall be according to the terms and conditions established by Employer from time to time (provided that any provisions of this Agreement that by their terms survive the termination of the Term shall remain in full force and effect). Employee understands that Employer is an at-will employment employer, and that this means the employment relationship may be terminated by either party at any time and for any reason and that this Agreement is not a contract for employment for any specific length of time.

2. VESTING OF OPTIONS AND OTHER EQUITY UPON A CHANGE IN CONTROL. If Employer terminates Employee’s employment without Cause (as defined below), or if Employee resigns with Good Reason (as defined below) during the Change in Control Period (as defined below), then, with respect to any equity-based award that has been granted to Employee under the most recently adopted and currently effective SPS Commerce, Inc. equity incentive plan, as amended from time to time (the “*Equity Plan*”) or any predecessor or successor plan and is outstanding and not fully vested on Employee’s Termination Date (as defined below) (an “*Equity Award*”), and notwithstanding any language in the Equity Plan or any predecessor or successor plan, the unvested portion of any Equity Award that is outstanding on Employee’s Termination Date will vest as of the later of the date both (a) Employee’s Release (as defined below) becomes irrevocable, and (b) the date of the Change in Control (as defined below), if it has not occurred by the Termination Date. Notwithstanding any provision to the contrary in the terms of any Equity Award agreement regarding the expiration date of the Equity Award, if such Equity Award is a stock option, it will remain exercisable to the extent so vested for one year after Employee’s Termination Date unless otherwise terminated under the terms of the Equity Award (other than due to the expiration of the exercisable period identified in the Equity Award) or any claw back policy of or agreement with Employer. If

the vesting of the Equity Award is subject to the satisfaction of performance goals over a performance period, the unvested portion of such Equity Award will be determined by subtracting from the number of shares or stock units that would otherwise vest at the end of the applicable performance period if target level performance (rather than maximum level performance) had been achieved the number of shares or stock units as to which the Equity Award had vested prior to Employee's Termination Date. For the avoidance of doubt, upon the termination of Employee's employment by Employer without Cause or by Employee for Good Reason, any unvested equity awards then held by Employee shall not lapse until the earliest of a Change in Control, three months after the Employee's Termination Date (subject to the one-year exercisability extension for stock options as identified above), or the expiration date of such Equity Award.

3. TERMINATION; EFFECT OF TERMINATION.

a. Involuntary Termination Without Cause or Resignation For Good Reason Outside of the Change in Control Period. If Employer terminates Employee's employment without Cause, or if Employee resigns for Good Reason, and in either case the Termination Date is not during the Change in Control Period, then, subject to the conditions identified below and the provisions of Section 10 below, Employer shall:

(i) pay Employee severance equal to twelve (12) months of Employee's base salary as of immediately prior to the Termination Date (or an amount equal to twelve (12) months of Employee's base salary as of immediately prior to a reduction of 10% or more in Employee's base salary by Employer if Employee resigns for Good Reason as a result of such reduction), less normal payroll withholdings, provided that such severance shall not exceed two times the lesser of (A) the Code § 401(a)(17) compensation limit for the year in which the Termination Date occurs, or (B) Employee's annualized compensation based upon the annual rate of pay for services to Employer for the calendar year prior to the calendar year in which the Termination Date occurs (adjusted for any increase during that year that was expected to continue indefinitely if the Employee had not separated from service), with such severance payable to Employee over the twelve (12) month period commencing from and after the Termination Date, in accordance with Employer's normal payroll schedule; provided, however, that any installments that otherwise would be payable on Employer's regular payroll dates between the Termination Date and the expiration of the rescission period applicable to Release will be delayed until Employer's first regular payroll date that is after the expiration of the rescission period applicable to Release and included with the installment payable on such payroll date, and provided further that if the severance otherwise payable to Employee is reduced to zero (0) by application of the maximum limitation identified above, then Employer shall in the alternative pay Employee severance equal to twelve (12) months of Employee's base salary as of immediately prior to the Termination Date, less normal payroll withholdings, payable to Employee over the twelve (12) month period commencing from and after the Termination Date, in accordance with Employer's normal payroll schedule, except that any amounts that remain payable as of the Short-Term Deferral Deadline shall be paid in a lump sum no later than the Short-Term Deferral Deadline;

(ii) pay Employee an amount equal to one hundred percent (100%) of Employee's target annual cash incentive bonus for Employer's fiscal year during which the Termination Date occurs, less normal payroll withholdings, payable to Employee in a lump sum no later than sixty (60) calendar days after the Termination Date, and

(iii) pay Employee an amount equal to the premium costs for health, dental and vision coverage that Employer paid during the last full month of Employee's employment with Employer, multiplied by twelve (12), less normal payroll withholdings, payable to Employee in a lump sum no later than sixty (60) calendar days after the Termination Date.

Payment of any severance pay or benefits under this Section 3.a. will be conditioned on Employee's execution (and non-rescission) of a Release and continued compliance with Employee's obligations under this Agreement and the Confidentiality Agreement. The Release will be considered timely if it is delivered to Employer within twenty-one (21) calendar days after the Termination Date. Any severance payments under this Section 3.a. shall be subject to normal payroll withholdings. Employer and Employee intend the severance payments and benefits under this Section 3.a. to be a "short-term deferral" under Treas. Reg. § 1.409A-1(b)(4) and/or a "separation pay plan due to involuntary separation from service" under Treas. Reg. § 1.409A-1(b)(9)(iii). The benefits described in this Section 3.a. will be reduced, as and when it is otherwise payable, by the amount of any severance or similar payment required to be paid to Employee by Employer under applicable federal, state, and local laws.

b. Involuntary Termination Without Cause or Resignation For Good Reason During the Change in Control Period. If Employer terminates Employee's employment without Cause or if Employee resigns for Good Reason, and in either case the Termination Date occurs during the Change in Control Period, then, subject to the conditions identified below and the provisions of Section 10 below, Employer shall:

(i) pay Employee severance equal to: (x) twenty-four (24) months of Employee's base salary as of immediately prior to the Termination Date (or an amount equal to twenty-four (24) months of Employee's base salary as of immediately prior to a reduction of 10% or more in Employee's base salary by Employer if Employee resigns for Good Reason as a result of such reduction) less (y) any amounts paid to Employee pursuant to Section 3.a.(i) (if applicable) prior to the Termination Date if the Termination Date was during the three-month period prior to a Change in Control, less normal payroll withholdings, paid in a lump sum on Employer's first payroll date occurring more than sixty (60) calendar days after the later of the date of the Change in Control and the Termination Date (but no later than seventy-five (75) calendar days thereafter);

(ii) pay Employee an amount equal to: (x) two hundred percent (200%) of Employee's target annual cash incentive bonus for Employer's fiscal year during which the Termination Date occurs, less (y) any amount paid to Employee pursuant to Section 3.a.(ii) (if applicable) prior to the Termination Date if the Termination Date was during the three-month period prior to a Change in Control, less normal payroll withholdings, payable to Employee in a lump sum no later than sixty (60) calendar days after the later of the date of the Change in Control and the Termination Date (but no later than seventy-five (75) calendar days thereafter), and

(iii) pay Employee an amount equal to the premium costs for health, dental and vision coverage that Employer paid during the last full month of Employee's employment with Employer, multiplied by twenty-four (24), less normal payroll withholdings, payable to Employee in a lump sum no later than sixty (60) calendar days after the later of the date of the Change in Control and the Termination Date (but no later than seventy-five (75) calendar days thereafter). The payment described in this Section 3.b.(iii) shall be in lieu of and not in addition to any benefits described in Section 3.a.(iii) (if applicable) prior to the Termination Date if the Termination Date was during the three-month period prior to a Change in Control.

Payment of any severance pay or benefits under this Section 3.b. will be conditioned on Employee's execution (and non-rescission) of a Release and continued compliance with Employee's obligations under this Agreement and the Confidentiality Agreement. The Release will be considered timely if it is delivered to Employer within twenty-one (21) calendar days after the Termination Date. Any severance payments under this Section 3.b. shall be subject to normal payroll withholdings. Employer and Employee intend the severance payments and benefits under this Section 3.b. to be a "short-term deferral" under Treas. Reg. § 1.409A-1(b)(4) and/or a "separation pay plan due to involuntary separation from service" under Treas. Reg. § 1.409A-1(b)(9)(iii). The benefits described in this Section 3.b. will be reduced, as and when it is otherwise payable, by the amount of any severance or similar payment required to be paid to Employee by Employer under applicable federal, state, and local laws.

c. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(i) "Cause" shall have the meaning ascribed to such term as set forth in the Equity Plan.

(ii) "Change in Control" shall have the meaning ascribed to such term as set forth in the Equity Plan.

(iii) "Change in Control Period" means the period starting three months immediately before a Change in Control and continuing for 12 months immediately following a Change in Control.

(iv) "Code" means the Internal Revenue Code of 1986, as amended, and the regulations and guidance thereunder.

(v) "Employer" shall include any current or future successor, parent, subsidiary, affiliate or other joint venture partner to which any right or obligation has been assigned or delegated by SPS Commerce, Inc. or by operation of law.

(vi) "Good Reason" means the initial occurrence of any of the following events, in each case without Employee's consent: (i) a reduction of 10% or more in Employee's base salary or annual bonus opportunity, (ii) a material reduction in Employee's employment authority, duties or responsibilities, including Employee no longer serving as the Chief Executive Officer of Employer or Employer is no longer a reporting company under the Securities Exchange Act of 1934, as may be amended from time to time, or (iii) a relocation of Employee's primary work location by more than fifty (50) miles, provided that with regard to events described in (i)

and (ii), Employee first gives notice of the event giving rise to Good Reason to Employer within ninety (90) calendar days of the first occurrence of the event, and provided further that upon giving notice Employee provides Employer thirty (30) calendar days in which to remedy the event, and Employee's Termination Date occurs within 180 calendar days of the initial occurrence of such an event.

(vii) "*Release*" means a standard release of claims in the form provided by Employer at the time of a termination for which Employee is eligible to receive severance pay or benefits under Section 3.

(viii) "*Short-Term Deferral Deadline*" shall mean the date that is the 15th day of the third month following the end of the later of the calendar year, or Employer's taxable year, in which the Termination Date occurs.

(ix) "*Termination Date*" shall mean the date on which a "separation from service" has occurred for purposes of Section 409A of the Code and the regulations and guidance thereunder.

4. RETIREMENT. If (i) Employee is at least fifty-seven (57) years old and has completed eight (8) years of continuous Service (as defined in the Equity Plan) with Employer or Employee is at least sixty-three (63) years old (without regard to years of Service), (ii) Employee provides no less than six (6) months' written notice of Employee's retirement from employment with Employer to the Chair of Employer's Board of Directors (the "*Board Chair*"), which for the avoidance of doubt may be provided prior to the dates set forth in clauses (i) and (ii) above, (iii) Employee continues to perform full-time services for Employer (A) materially consistent with the full-time responsibilities and services performed by Employee prior to the date on which Employee provides written notice of Employee's retirement from employment with Employer to the Board Chair or (B) such other substantive services as agreed between Employer and Employee through the Termination Date, and (iv) Employee's Termination Date occurs on or after the retirement date identified by Employee (and such Termination Date is no earlier than six (6) months after the date on which Employee provided written notice of Employee's retirement to the Board Chair) (a "*Retirement*"); provided, however, Employer may in its sole discretion designate a Termination Date that is after the date on which Employee provides written notice of Employee's retirement from employment with Employer to the Board Chair and prior to the retirement date identified by Employee, then, subject to the conditions identified in Section 4.c and the provisions of Section 10 below:

a. Outstanding Service-Based Equity Awards. With respect to any Equity Award whose vesting is based solely on the satisfaction by Employee of a service-based vesting condition, then one hundred percent (100%) of all of Employee's unvested service-based Equity Awards as of the Termination Date will become fully vested as of the Termination Date.

b. Outstanding Performance-Based Equity Awards. With respect to any Equity Award that has been granted to Employee under the Equity Plan and is outstanding on such Termination Date and whose vesting or settlement is subject to the satisfaction of performance goals over a performance period, Employee will be entitled to have vest on each originally scheduled vesting date for such award the number of shares, share units or share equivalents subject to the Equity Award that would otherwise have been determined to have been earned by Employee had Employee remained continuously employed by Employer through each such originally scheduled vesting date based on the degree to which the applicable performance goals were satisfied during the applicable performance period through each such originally scheduled vesting date. For the avoidance of doubt, upon Employee's Retirement, any unvested Equity Awards whose vesting or settlement is subject to the satisfaction of performance goals over a performance period then held by Employee shall not lapse until the earliest of a Change in Control, three months after the Termination Date (subject to the one-year exercisability extension for stock options as identified above), or the expiration date of such Equity Award.

c. Conditions to Accelerated or Continued Vesting. The accelerated or continued vesting of Equity Awards under this Section 4 following a Retirement will be conditioned on (i) Employee's execution (and non-rescission) of a Release, and (ii) Employee's continued compliance with Employee's obligations under this Agreement and the Confidentiality Agreement. The Release will be considered timely if it is delivered to Employer within twenty-one (21) calendar days after the Termination Date. Notwithstanding anything to the contrary in this Agreement or any agreement evidencing an Equity Award, if Employee breaches any provision of this Agreement or the Confidentiality Agreement, then (i) Employee shall immediately forfeit all outstanding Equity Awards and any right to receive shares thereunder, and (ii) with respect to shares that have been issued pursuant to an Equity Award within two (2) years prior to such breach, Employee shall either (A) return such shares to Employer or (B) pay to Employer in cash an amount equal to the fair market value of the shares as of the date their receipt became taxable to Employee.

d. Severance Pay. If Employer designates a Termination Date that is after the date on which Employee provided written notice of Employee's retirement from employment with Employer to the Board Chair and prior to the retirement date identified by Employee, and the Termination Date is prior to the six (6) month anniversary of the date on which Employee provided written notice of Employee's retirement to the Board Chair, then, in addition to the accelerated or continued vesting of Equity Awards under this Section 4 following a Retirement, and subject to the same conditions identified in Section 4.c and the provisions of Section 10 below, Employer shall pay Employee severance pay equal to: (i) the amount of base salary Employee would have received from the Termination Date through the six (6) month anniversary of the date on which Employee provided written notice of Employee's retirement to the Board Chair; plus (ii) an amount equal to the premium costs for health, dental and vision coverage that Employer paid during the last full month of Employee's employment with Employer, multiplied by the number of complete months remaining between the Termination Date and the six (6) month anniversary of the date on which Employee provided written notice of Employee's retirement to the Board Chair, less normal payroll withholdings, payable to Employee in a lump sum no later than sixty (60) calendar days after the Termination Date. If Employer designates a Termination Date that is on or after the six (6) month anniversary of the date on which Employee provided written notice of Employee's retirement to the Board Chair, then Employer will not pay any severance pay to Employee.

5. BENEFITS IN LIEU OF PLAN BENEFITS. The benefits described in this Agreement are in lieu of any pay or benefits that would otherwise be provided to Employee under any Employer-sponsored severance pay policy, plans or practice, and Employee shall not be entitled to any benefits under any Employer-sponsored severance pay policy, plans or practice in the event that pay or benefits are payable thereunder.

6. MODIFICATION OF AGREEMENT. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by both parties.

7. CHOICE OF LAW, JURISDICTION, AND VENUE. The validity, construction and performance of this Agreement shall be governed by, and construed in accordance with, the laws of the State of Minnesota, without reference to any choice of laws provisions thereof. The parties further agree that any litigation or proceeding arising out of, or relating to, this Agreement (whether the same sounds in tort or contract or both) shall be commenced and maintained in a federal or state court located in Hennepin County, Minnesota, and for such purpose the parties consent to any such court's exercise of personal jurisdiction over them.

8. ASSIGNMENTS. This Agreement is personal in nature and cannot be assigned by Employee. The terms, conditions, covenants, and representations herein shall inure to and be binding upon the heirs and representatives of Employee and shall inure to the benefit of and shall be binding upon the successors and assigns of Employer.

9. SEVERABILITY. Agreements and covenants contained herein are severable, and in the event any of them shall be held to be invalid by any competent court, this Agreement shall be interpreted as if such invalid agreement or covenants were not contained herein.

10. SECTION 409A. Although Employer does not guarantee the tax treatment of any payments or benefits under this Agreement, this Agreement is intended to satisfy, or be exempt from, the requirements of Section 409A(a)(2)(3) and (4) of the Code, including current and future guidance and regulations interpreting such provisions, and accordingly, to the maximum extent permitted, this Agreement should be interpreted accordingly. Notwithstanding anything to the contrary in this Agreement or any other agreement between Employer and Employee, including without limitation any agreement evidencing an Equity Award, if Employee is considered a "specified employee" (as defined in Treasury Regulation Section 1.409A-1(i)) as of the date of the Termination Date, then no payments of deferred compensation payable due to Employee's separation from service, including without limitation any amount payable under this Agreement with respect to any Equity Award, shall be made under this Agreement before the first business day that is six (6) months after the Termination Date (or upon Employee's death, if earlier) (the "*Specified Period*"). Any deferred compensation payments that would otherwise be required to be made to Employee during the Specified Period will be accumulated by Employer and paid to Employee on the first day after the end of the Specified Period. The foregoing restriction on the payment of amounts to Employee during the Specified Period will not apply to the payment of employment taxes. In the case of any amounts payable to Employee under this Agreement that may be treated as payable in the form of "a series of installment payments", as defined in Treas. Reg. §1.409A-2(b)(2)(iii), Employee's right to receive such payments shall be treated as a right to receive a series of separate payments for purposes of Treas. Reg. §1.409A-2(b)(2)(iii). In addition,

notwithstanding anything to the contrary in this Agreement or any agreement evidencing an Equity Award, with respect to an Equity Award that constitutes a deferral of compensation subject to Section 409A of the Code: (i) if any amount is payable under any Equity Award upon a termination of Service, a termination of Service will be deemed to have occurred only at such time as Employee has experienced a "separation from service" as such term is defined for purposes of Section 409A of the Code; and (ii) no Change in Control shall be deemed to have occurred upon an event described in the definition of the term contained in the Equity Plan unless the event would also constitute a change in ownership or effective control of, or a change in the ownership of a substantial portion of the assets of, Employer under Section 409A of the Code.

11. SECTION 280G. If any payment or benefit to be paid or provided to Employee under this Agreement, taken together with any payments or benefits otherwise paid or provided to Employee by Employer or any corporation that is a member of an "affiliated group" (as defined in Section 1504 of the Code without regard to Section 1504(b) of the Code) of which Employer is a member (the "other arrangements"), would collectively constitute a "parachute payment" (as defined in Section 280G(b)(2) of the Code), and if the net after-tax amount of such parachute payment to Employee is less than what the net after-tax amount to Employee would be if the aggregate payments and benefits otherwise constituting the parachute payment were limited to three times Employee's "base amount" (as defined in Section 280G(b)(3) of the Code) less \$1.00, then the aggregate payments and benefits otherwise constituting the parachute payment shall be reduced to an amount that shall equal three times Employee's base amount, less \$1.00. Should such a reduction in payments and benefits be required, then Employer shall achieve the necessary reduction in such payments and benefits by first reducing or eliminating the portion of the payments and benefits that are payable in cash and then by reducing or eliminating the non-cash portion of the payments and benefits, in each case in reverse order beginning with payments and benefits which are to be paid or provided the furthest in time from the date of Employer's determination. A net after-tax amount shall be determined by taking into account all applicable income, excise and employment taxes, whether imposed at the federal, state or local level, including the excise tax imposed under Section 4999 of the Code.

12. TAXES. Employer may withhold from any amounts payable under this Agreement such federal, state and local income and employment taxes as Employer shall determine are required to be withheld pursuant to any applicable law or regulation. Employee shall be solely responsible for the payment of all taxes due and owing with respect to any compensation provided to Employee hereunder. Employer does not guarantee any particular tax consequence or result with respect to any payment made by Employer under this Agreement, including with respect to any Equity Award. If Employee incurs any personal income tax liability outside the United States for any days Employee works abroad performing Employee's duties and responsibilities for Employer, and any foreign income taxes have to be calculated and paid by Employer, then the amount of the foreign income taxes will be deducted from Employee's net base salary, however, not more than the maximum actual U.S. income tax liability would be on such total remuneration, and any foreign income tax liability above this maximum amount will be borne by Employer. Employee must act in a manner at all times so as to avoid violation of any U.S. or foreign tax laws, and shall exercise care and attention in minimizing the liability for worldwide income taxes in accordance with applicable law. In this regard, Employee shall cooperate with Employer to ensure that tax returns are filed in such a manner as to produce the lowest possible tax permitted by law.

13. COMPLETE AGREEMENT. This Agreement, the Confidentiality Agreement, and any stock option or other equity agreements between Employer and Employee contain the complete agreement concerning the terms and conditions of the employment arrangement between the parties. Except for the Confidentiality Agreement and any stock option or other equity agreements between Employer and Employee, each of which shall remain in full force and effect in accordance with its terms except to the extent they are agreements evidencing Equity Awards and have been amended by this Agreement, this Agreement shall, as of the Effective Date, supersede all other agreements between the parties. The parties stipulate that neither of them has made any representation with respect to the subject matter of this Agreement or any representations including the execution and delivery hereof except such representations as are specifically set forth herein and the parties hereto acknowledge that they have relied on their own judgment in entering into this Agreement.

EMPLOYEE:

/s/ Chadwick Collins
Name: Chadwick Collin

Date: July 5, 2023

EMPLOYER:
SPS COMMERCE, INC.

By: /s/ Archie Black
Name: Archie Black
Its: Chief Executive Office

Date: July 5, 2023

Contact:
Investor Relations
The Blueshirt Group
Irmina Blaszczyk & Lisa Laukkanen
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SPS Commerce Appoints Chad Collins as Chief Executive Officer

Archie Black to transition to Executive Chair of the Board, as previously announced

MINNEAPOLIS, July 6, 2023 – SPS Commerce, Inc. (Nasdaq: SPSC), a leader in retail cloud services, today announced the appointment of Chad Collins as its new Chief Executive Officer, effective October 2, 2023. Mr. Collins will succeed current CEO Archie Black, who will retire from his position effective October 1, 2023, and will transition to the newly created role of Executive Chair of the Board, as part of the previously announced succession plan.

“On behalf of the Board of Directors, I would like to welcome Chad Collins to the SPS team,” said Philip Soran, Chair of the Board. “His leadership, industry experience and focus on customer innovation align well with the SPS strategy and culture.”

Mr. Collins will join SPS Commerce from Körber Supply Chain, where he served as Chief Executive Officer, Software, for over 5 years. He has spent 25 years in supply chain technology, building market-leading businesses and pushing what’s possible in supply chain solutions to enable customer innovation. He began his journey in the industry as a supply chain consultant for Cap Gemini Ernst & Young. Before becoming a part of Körber, Mr. Collins was the President and CEO of HighJump, a global supply chain software company which was acquired by Körber in 2017.

“This is a very exciting time to join SPS Commerce. The retail industry continues to evolve, creating numerous opportunities to bring efficiencies to trading partners and digitize supply chains,” said Mr. Collins. “I believe a culture where individuals thrive is critical to the success of any organization and its customers, and I am honored to take on the CEO role at a company that shares that belief. I look forward to working with the SPS team as we continue to capitalize on retail industry dynamics and capture the large and expanding market opportunity ahead of us.”

Under Mr. Black’s leadership, SPS Commerce has become the world’s leading retail network and recorded significant achievements:

- Increased revenues at a 21 percentⁱ compound annual growth rate since becoming a public company in 2010;
- Extended global reach to over 115,000 customers to date and nearly 43,000 current recurring revenue customers;
- Delivered substantial shareholder returns while increasing market capitalization by more than 52 timesⁱⁱ.

“On behalf of the Board, the management team, and employees, I want to thank Archie for his dedication to SPS Commerce and his leadership for the past 22 years,” said Mr. Soran. “During his tenure, Archie forged and executed a winning strategy by focusing on customer success, fostered a culture of consistent execution, and positioned SPS for sustained, profitable growth.”

“It has been an honor to be a part of SPS Commerce’s growth and success, and to work with such a talented team of individuals who are relentlessly executing our vision to be the world’s retail network,” said Mr. Black. “SPS is well positioned to capitalize on the tremendous opportunities ahead, and I believe Chad is uniquely qualified to lead the company through its next chapter of growth and innovation.”

Jim Frome, President and Chief Operating Officer, to retire in December 2024

In conjunction with the CEO transition plan, SPS Commerce also announced that Jim Frome intends to retire from his role as President and Chief Operating Officer. In keeping with the company’s commitment to consistent execution and leadership continuity, Mr. Frome plans to remain with the Company through December 31, 2024.

“Jim has been a key contributor to SPS’ growth for 23 years. He was integral to the creation of the industry’s first integrated suite of products and the largest retail cloud solution architected for today’s omnichannel market,” said Mr. Soran. “Throughout his tenure, Jim helped to lay a foundation for innovation and competitive market disruption, which are key drivers of SPS’ success. We appreciate Jim’s dedication and contributions to the Company and look forward to continuing to work with him through 2024.”

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.

Forward-Looking Statements

This press release contains forward-looking statements, including information about future expectations, plans and prospects, including views regarding future growth, market, growth and other opportunities, business strategy and results, as well as anticipated continuity, timing and effectiveness of the Chief Executive Officer and President and Chief Operating Officer transitions, 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. In addition, these forward-looking statements are subject to factors and uncertainties related to the officer transitions, including disruptions and uncertainties related thereto, the ability of a successor to have the desired level of experience and expertise, the potential impact on the Company's business and future strategic direction resulting from the officer transitions, and the Company's ability to retain other key members of senior management. 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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i As of fiscal year 2022

ii Based on SPSC stock closing price on June 30, 2023