Harte Hanks
The Customer Company

January 2023
Cautionary Note Regarding Forward-Looking Statements

The report and the other disclosure we make from time to time contain "forward-looking statements" within the meaning of U.S. federal securities laws. All such statements are qualified by this cautionary note, provided pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Statements other than historical facts are forward-looking and may be identified by words such as "may," "will," "expects," "believes," "anticipates," "plans," "estimates," "seeks," "could," "intends," or words of similar meaning. These forward-looking statements are based on current information, expectations and estimates and involve risks, uncertainties, assumptions and other factors that are difficult to predict and that could cause actual results to vary materially from what is expressed in or indicated by the forward-looking statements. In that event, our business, financial condition, results of operations or liquidity could be materially adversely affected and investors in our securities could lose part or all of their investments. These risks, uncertainties, assumptions and other factors include: (a) local, national and international economic and business conditions, including (i) the outbreak of diseases, such as the COVID-19 coronavirus and new variants thereof, which has curtailed travel to and from certain countries and geographic regions, created supply chain disruption and shortages, disrupted business operations and reduced consumer spending, (ii) changes in market conditions and market volatility, including inflation, interest rates, the value of securities and other financial assets, and exchange rates that may adversely impact marketing expenditures; and (iii) the impact of economic environments and competitive pressures on the financial condition, marketing expenditures and activities of our clients and prospects; (b) the demand for our products and services by clients and prospective clients, including (i) the willingness of existing clients to maintain or increase their spending on products and services that are or remain profitable for us, and (ii) our ability to predict changes in client needs and preferences; (c) economic and other business factors that impact the industry verticals we serve, including competition and consolidation of current and prospective clients, vendors and partners in these verticals; (d) our ability to manage and timely adjust our facilities, capacity, workforce and cost structure to effectively serve our clients; (e) our ability to improve our processes and to provide new products and services in a timely and cost-effective manner though development, license, partnership or acquisition; (f) our ability to protect our facilities against security breaches and other interruptions and to protect sensitive personal information of our clients and their customers; (g) our ability to respond to increasing concern, regulation and legal action over consumer privacy issues, including changing requirements for collection, processing and use of information; (h) the impact of privacy and other regulations, including restrictions on unsolicited marketing communications and other consumer protection laws; (i) fluctuations in fuel prices, paper prices, postal rates and postal delivery schedules; (j) unanticipated developments regarding litigation or other contingent liabilities; (k) our ability to complete anticipated divestitures and reorganizations, including cost-saving initiatives; (l) our ability to realize the expected tax refunds; and (m) other factors discussed from time to time in our filings with the Securities and Exchange Commission. The forward-looking statements herein are made only as of the date hereof, and we undertake no obligation to update publicly any forward-looking statement, even if new information becomes available or other events occur in the future.

Supplemental Non-GAAP Financial Measures

We report our financial results in accordance with generally accepted accounting principles ("GAAP"). In this presentation, however, we use certain non-GAAP measures of financial performance to provide investors with a better understanding of operating results and underlying trends to assess our performance and liquidity. We have presented in the appendix to this presentation a reconciliation of these measures to the most directly comparable GAAP financial measure.

We present the non-GAAP financial measure "Adjusted EBITDA" as a supplemental measure of operating performance in order to provide an improved understanding of underlying performance trends. We define "Adjusted EBITDA" as earnings before interest expense net, income tax expense (benefit), depreciation expense, restructuring expense, impairment expense, stock-based compensation expense, and other non-cash expenses. The most directly comparable measure for Adjusted EBITDA is Net Income (Loss). We believe Adjusted EBITDA is an important performance metric because it facilitates the analysis of our results, exclusive of certain non-cash items, including items that do not directly correlate to our business operations; however, we urge investors to review the reconciliation of non-GAAP Adjusted EBITDA to the comparable GAAP Net Income (Loss), which is included in this press release, and not to rely on any single financial measure to evaluate the Company's financial performance. Adjusted EBITDA does not serve as a substitute and should not be construed as a substitute for GAAP performance but provide supplemental information concerning our performance that our investors and we find useful. We evaluate our operating performance based on several measures, including these non-GAAP financial measures. We believe that the presentation of these non-GAAP financial measures are useful supplemental financial measures of operating performance for investors because they facilitate investors' ability to evaluate the operational strength of the Company's business. However, there are limitations to the use of these non-GAAP measures, including that they may not be calculated the same by other companies in our industry limiting their use as a tool to compare results. Any supplemental non-GAAP financial measures referred to herein are not calculated in accordance with GAAP and they should not be considered in isolation or as substitutes for the most comparable GAAP financial measures.
Harte Hanks: The Customer Company

Harte Hanks is a leading global customer experience company operating in three business segments:

- **Marketing Services**: 29%
- **Fulfillment & Logistics**: 33%
- **Customer Care**: 38%

### 2021 Segment Revenue

- **$195 million**

### Performance

- **FY 2021 Revenue of $195 million**
- **FY 2021 EBITDA of $10+ million**
- **FY 2021 Net Income YoY increase $14+ million**
- **6 quarters of positive EBITDA and Net Income**
- **Strong Balance Sheet, 9/30/22 cash $9+ million**
- **Repurchased preferred shares, Q4 22**
- **Growing EBITDA margins**
- **Pandemic revenue a catalyst for Customer Care**

### Focus

- **Shrink to grow and build for scale model**
- **Asset light and profitable growth focus**
- **Core competencies and customer focus**
- **Long-term client relationships**
- **Penetrating large and growing addressable markets**
- **Investing in tech & talent to scale growth**

### Diluted EPS

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2021</td>
<td>($0.28)</td>
</tr>
<tr>
<td>Q2 2021</td>
<td>$1.27</td>
</tr>
<tr>
<td>Q3 2021</td>
<td>$0.52</td>
</tr>
<tr>
<td>Q4 2021</td>
<td>$0.20</td>
</tr>
<tr>
<td>Q1 2022</td>
<td>$0.39</td>
</tr>
<tr>
<td>Q2 2022</td>
<td>$0.52</td>
</tr>
<tr>
<td>Q3 2022</td>
<td>$0.83</td>
</tr>
</tbody>
</table>

### Net Cash

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2021</td>
<td>$-2.2</td>
</tr>
<tr>
<td>Q2 2021</td>
<td>$6.2</td>
</tr>
<tr>
<td>Q3 2021</td>
<td>$2.9</td>
</tr>
<tr>
<td>Q4 2021</td>
<td>$6.9</td>
</tr>
<tr>
<td>Q1 2022</td>
<td>$4.7</td>
</tr>
<tr>
<td>Q2 2022</td>
<td>$2.9</td>
</tr>
<tr>
<td>Q3 2022</td>
<td>$6.9</td>
</tr>
</tbody>
</table>

### Revenue

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Revenue (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2021</td>
<td>$43.8</td>
</tr>
<tr>
<td>Q2 2021</td>
<td>$49.3</td>
</tr>
<tr>
<td>Q3 2021</td>
<td>$49.6</td>
</tr>
<tr>
<td>Q4 2021</td>
<td>$52.0</td>
</tr>
<tr>
<td>Q1 2022</td>
<td>$49.1</td>
</tr>
<tr>
<td>Q2 2022</td>
<td>$48.6</td>
</tr>
<tr>
<td>Q3 2022</td>
<td>$53.9</td>
</tr>
</tbody>
</table>
What we do

HHS is a global customer experience company focused on bringing companies closer to customers for nearly 100 years. We provide our services to diverse industries including, but not limited to health care, pharma, financials, consumer products, technology, entertainment/streaming, and automotive.

Marketing Services
Focused on strategic planning, data-driven insights, performance analytics, creative design, technology enablement, and program execution to drive business outcomes and optimize customers’ ROI.

Customer Care
Focused on delivering full-service customer care solutions that are tech-enabled and people driven.

Fulfillment and Logistics
Focused on B2B product and literature fulfillment, B2C e-commerce and sampling, and end-to-end supply chain and logistics services.
Where we were:

2014-2018

- FY2018 - $285MM Revenue and negative $19 million EBITDA
- Direct Mailer and Call Center with marketing capabilities
- Mis-steps and management turnover
- Large infrastructure and high fixed costs
- Decentralized and siloed resources
- Weakening financial position

Where we are:

2022

- FY 2021 - $195MM Revenue and $10MM EBITDA
- Q3 2022 YTD - $151.5 MM Revenue and $13.4 MM EBITDA
- Leaner, optimized, and simplified business
- Customer-focused solutions unique to Harte Hanks
- Investing in technology platform, talent, and tools to scale growth
- Collaborating and cross-selling services
- Acquiring InsideOut enhances Customer Care and Marketing Services capabilities to accelerate our customers’ growth
- YoY growth in revenue and significant growth in EBITDA
- Strengthening balance sheet and enhancing shareholder value

*EBITDA is a non-GAAP financial measure. See the appendix for a reconciliation of EBITDA to Net Income.
Harte Hanks – The Customer Company

- Great Companies, Leading Brands, Loyal Customers
- Average Tenured Customer – 10 years
- Longest Tenured Customer – Over 25 years

- HHS has a mix of recurring and project revenue customers, but our customers deliver repeatable YoY revenue
- 24 of Top 25 2020 revenue customers remain with HHS
  - One unprofitable legacy services customer exited in 2020
Leadership team

Brian Linscott
Chief Executive Officer

Lauri Kearnes
Chief Financial Officer

Bob Wyman
General Counsel

Don Aicklen
Senior Vice President, Sales and Marketing

Elliott Peterson
Chief Technology Officer

Janel Harris
Managing Director, Marketing Services

Ben Chacko
Managing Director, Customer Care

Pat O’Brien
Managing Director, Fulfillment & Logistics
Turnaround with Revenue Growth

- FY 2021 Revenue $195MM vs $177MM in 2020
- YoY growth in 2021 and expected full year 2022
- FDA-approved Kansas City facility with 40% growth capacity
- Work-from-home expanding growth opportunities in Customer Care
- Marketing Services has largest revenue pipeline
Significant EBITDA and Net Income improvement

- Restructuring began in 2019 and is now complete
- 2020 Reduced facilities, technology infrastructure, and overhead ($15-17 million in annualized savings)
- Shut down of underperforming Direct Mail facilities in 2020 ($3-4 million in annualized savings)
- Eliminated unprofitable contracts and improved operational focus
- 2019-2021 restructuring charges $11.8 million, $9.4 million, and $6.2 million, respectively
- FY 2021 has material improvement in all business segments; 8 consecutive quarters of positive Adjusted EBITDA

* EBITDA is a non-GAAP financial measure. See the appendix for a reconciliation of EBITDA to Net Income.
** 2020 included $16.6MM benefit from the Cares Act; 2021 included $10MM net income benefit from PPP loan forgiveness
Harte Hanks Q3 2022 Balance Sheet

- $9.2 million Cash
- $45 million of Accounts Receivables from sought after brands
- $25 million Credit Facility with $0 borrowed
- Pension liability declining as of October 2022
- Pension cash funding requirements going forward are estimated to be approximately $3 million per year

Condensed Consolidated Balance Sheet

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>9/30/22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, restricted cash and cash equivalents</td>
<td>$9.2</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>$45.4</td>
</tr>
<tr>
<td>Positive Working capital</td>
<td>$34.8</td>
</tr>
<tr>
<td>Long-term Debt</td>
<td>$0</td>
</tr>
<tr>
<td>Pension liabilities</td>
<td>$49.6</td>
</tr>
<tr>
<td>Preferred stock</td>
<td>$9.7</td>
</tr>
</tbody>
</table>

- Preferred Stock repurchase is anticipated to close in the 4th quarter
Pension liabilities

• Pensions were frozen in the 1990s and 2000s

• Pension liabilities $49.6 million at 9/30/2022

• Increase in interest rates and changes in asset values the net pension liability by 10/31/22 has declined approximately $18 million since year end 2021

• Cash funding requirements going forward are estimated to be approximately $3 million per year

Non-Qualified Pension
- Relates to contracts with previous management
- Requires periodic contract payments to participants
- $0.4 million contribution made in Q3 2022 and we expect to make $1.7 million in FY2022
- Features of liability similar to that of low-interest debt
- Will decrease over time

Qualified Pension
- Funded assets to support the obligation
- Required to make minimum funding payments on these until the asset balance is sufficient to support the on-going obligation.
- $1.3 million contribution required in 2022

$24.3
$25.2
$ in millions
## Stock Profile

### Harte Hanks Stock Profile

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Symbol</strong></td>
<td>HHS</td>
</tr>
<tr>
<td><strong>Price @ 1/13/23 close</strong></td>
<td>$13.35</td>
</tr>
<tr>
<td><strong>Shares (millions outstanding @ Q3 2022)</strong></td>
<td>7.5</td>
</tr>
<tr>
<td><strong>Market Cap (millions)</strong></td>
<td>$99.2</td>
</tr>
<tr>
<td><strong>Cash (net of debt, Q3 2022, in millions)</strong></td>
<td>$9.2</td>
</tr>
<tr>
<td><strong>EBITDA (Q3 2022, in millions)</strong></td>
<td>$4.4</td>
</tr>
<tr>
<td><strong>HHS 2022 Performance</strong></td>
<td>+53.8%</td>
</tr>
<tr>
<td><strong>Russell Microcap® Index</strong></td>
<td>-22.9%</td>
</tr>
</tbody>
</table>

**Harte-Hanks, Inc. (HHS)**

Harte-Hanks, Inc. - NASDAQ Global Market

[Graph showing stock price and trading volume]

- **Current Price**: $13.35
- **Change**: +0.20 (+1.50%)
Harte Hanks: The Customer Company

Marketing Services

Customer Care

Fulfillment & Logistics

Where we are going:

- Revenue growth and EBITDA margin expansion in 2023 and beyond
- Accelerate growth by leveraging cross segment relationships, and targeted campaigns highlighting our unique capabilities
- Invest in modern technology platform, data tools, and talent to accelerate growth in the markets we serve
- Expand sales, marketing, and partnerships to scale growth
- Review of bolt on acquisitions that compliment our segments, enhance solutions for the growing markets we serve, and are accretive to our shareholders.
- Further work to improve our capital structure and mitigate legacy liabilities (i.e., Pension)
## Appendix A

### Reconciliation of Adjusted EBITDA to Net Income - Annual

Reconciliations of Non-GAAP Financial Measures (Unaudited)

<table>
<thead>
<tr>
<th>In thousands, except per share data</th>
<th>Dec 31 2021</th>
<th>Dec 31 2020</th>
<th>Dec 31 2019</th>
<th>Dec 31 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income (loss)</td>
<td>$14,971</td>
<td>$(1,694)</td>
<td>$(26,264)</td>
<td>$17,550</td>
</tr>
<tr>
<td>Gain on sale</td>
<td>-</td>
<td>-</td>
<td>-5,471</td>
<td>-30,954</td>
</tr>
<tr>
<td>Gain on extinguishment of debt</td>
<td>(10,000)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Income tax expense (benefit)</td>
<td>1,288</td>
<td>(16,615)</td>
<td>1,753</td>
<td>(18,112)</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>903</td>
<td>1,164</td>
<td>1,262</td>
<td>1,551</td>
</tr>
<tr>
<td>Other, net</td>
<td>477</td>
<td>6,569</td>
<td>7,114</td>
<td>3,931</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>2,559</td>
<td>3,615</td>
<td>5,339</td>
<td>7,452</td>
</tr>
<tr>
<td>EBITDA</td>
<td>$10,198</td>
<td>$(6,961)</td>
<td>$(16,267)</td>
<td>$(18,582)</td>
</tr>
<tr>
<td>Restructuring and asset impairment expense</td>
<td>6,359</td>
<td>9,374</td>
<td>11,799</td>
<td>4,888</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>1,469</td>
<td>766</td>
<td>1,074</td>
<td>(581)</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$18,026</td>
<td>$3,179</td>
<td>$(3,394)</td>
<td>$(14,275)</td>
</tr>
</tbody>
</table>
Appendix B
Reconciliation of Adjusted EBITDA to Net Income - Quarter

Reconciliations of Non-GAAP Financial Measures (Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended Sep 30,</th>
<th>Nine Months Ended Sep 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
<td>2021</td>
</tr>
<tr>
<td>Net Income</td>
<td>$ 7,166</td>
<td>$ 4,404</td>
</tr>
<tr>
<td>Gain on extinguishment of debt</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>1,219</td>
<td>172</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>84</td>
<td>222</td>
</tr>
<tr>
<td>Other income, net</td>
<td>(4,696)</td>
<td>(572)</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>579</td>
<td>607</td>
</tr>
<tr>
<td>EBITDA</td>
<td>$ 4,352</td>
<td>$ 4,833</td>
</tr>
</tbody>
</table>
Appendix C

The Harte Hanks – Customer Experience

Marketing Services

- CRM, Brand, Marketing Strategy
- Persona Development/Journey Mapping
- Marketing Campaigns
- Understand consumer behavior and leverage data to drive outcomes
- Predictive analytics/machine learning
- Proprietary and 3rd party data
- Data hygiene, Test design & execution
- Creative Concepts to Integrated Campaigns
- Content made to inspire action
- Energize the uninspired and bring clarity to the complex
- Database Build & Management
- CRM Integration and Marketing Automation
- Tech development and solutions that optimize digital infrastructure
- Customer Experience
- Revenue Generation
- CRM & Digital Solutions
- Solutions focused on improving customer experience and reducing efforts and costs
- DTC & B2B Sampling
- Pick, Pack & Ship
- Print on Demand
- From customized solutions to DTC point-of-purchase distribution

Operational Services

- Customer Experience
- Revenue Generation
- CRM & Digital Solutions
- Solutions focused on improving customer experience and reducing efforts and costs
- DTC & B2B Sampling
- Pick, Pack & Ship
- Print on Demand
- From customized solutions to DTC point-of-purchase distribution
- Rate-shopping & logistics platform - seamless integration (EDI/API/Web-services)
- Carrier management / Route optimization
- Customizable supply chain solutions
- Leveraging relationships and tech to save time and money

2,500 associates spread across the Americas, Europe and Asia Pacific.

End-to-end Measurement and Optimization