

Risk Factors Comparison 2025-02-21 to 2024-02-20 Form: 10-K

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

Our operations face certain risks that should be considered in evaluating our business. We manage and mitigate these risks on a proactive basis, using an enterprise risk management program. Nevertheless, the following risk factors, some of which may be beyond our control, could materially affect our business, financial condition, results of operations, brand and reputation, and may cause future results to be materially different than our current expectations. These risk factors are not intended to be all inclusive.

Mailing and Shipping Industry Risks The financial condition **and governance model** of the USPS, or the national posts in our other major markets, has affected, and could, in the future, ~~affect the ability of those posts to provide services to us or our clients, which could~~ adversely affect client demand for our offerings and thus our financial performance. We are dependent on financially viable national posts in the geographic markets where we operate, particularly in the United States. A significant portion of our revenue depends upon the ability of these posts, especially the USPS, to provide **reliable**, competitive mail and package delivery services to our clients ~~and the quality of the services they provide~~. Their ability to provide high quality **reliable** service at affordable rates **relates to** ~~in turn depends upon~~ their ongoing financial strength. **The** ~~Although~~ Congress provided the USPS **and a measure of relief with the other** enactment of the Postal Service Reform Act of 2022, the USPS, and national posts **continue to** ~~in our other major markets, still~~ face financial challenges **which could lead to changes in governance models**. If these challenges **or changes** interfere with these posts' ability to ~~continue to~~ provide the services they currently provide, our financial performance may be adversely affected. ~~in our mailing business, or if physical mail volumes experience an accelerated or sudden decline, our financial performance could be adversely affected.~~ Significant changes to the laws regulating the USPS or other posts, or changes in their operating models could have an adverse effect on our financial performance. As a significant portion of our revenue and earnings is dependent on postal operations, changes in the laws and regulations that affect how posts operate could have an adverse effect on our financial performance. As posts consider new strategies for their operations in an era of declining mail volumes and increasing package volumes, ~~if those strategies disadvantage we are unable to work~~. Our ability to compete in the ~~package~~ shipping market in the United States depends upon certain contractual relationships we have with the USPS and the ~~other~~ **successful performance of those services**. The USPS is our primary provider for the "last mile" component of our parcel delivery services in the United States. This represents a significant component of our cost in offering these services. If we are unable to receive competitive pricing from the USPS or take advantage of lower cost USPS options, our ability to compete with private carriers **, as well as their service** and achieve profitable revenue growth may be adversely affected. Our **SendTech** digital delivery options **Solutions** ~~also offerings~~ depend upon certain contractual relationships with the USPS **and other carriers** to enable us to offer these services profitably ~~; and~~. **Should** the USPS ~~or~~ has adjusted the ~~other carriers~~ terms of those contracts in the past. ~~Should the USPS make additional changes to how it they contracts~~ **contract** with us for this service **our solutions**, our profitability could be adversely affected.

Business Operational Risks The quality of service we provide to our clients also depends upon the quality of delivery services received from the USPS. As the e-commerce market continues to evolve, and as the USPS implements changes to its network, if the USPS' service performance is materially worse than that of the private carriers, we may lose clients to competition and our financial performance may be adversely affected. We are subject to postal regulations and processes, which could adversely affect our financial performance. A significant portion of our business is subject to regulation and oversight by the USPS, posts in other major markets **for**, and the governmental bodies that regulate the posts themselves. These postal authorities have the power to regulate some of our current products and services and to establish guidelines for postage rates. They also must approve many of our new or future product and service offerings before we can bring them to market. If new or future product and service offerings are not approved or there are significant conditions to approval, favorable postage rates are reversed, regulations on existing products or services are changed **highly competitive. Our SendTech Solutions segment faces competition from other mail equipment and solutions providers**, companies that offer products and services as alternative means of message communications and those that offer online shipping and mailing products and services solutions. **SendTech Solutions' digital shipping business competes with technology providers ranging from large, established companies and national posts** utilize their position in the market **to smaller companies offering negotiated carrier rates. In addition, or our financing operations face** their role as product regulator to limit competition in areas where the posts themselves offer solutions ~~, in varying degrees~~ or if we fall out of compliance with the posts' regulations, our ~~from~~ **large, diversified** financial performance could be adversely affected **institutions, leasing companies, commercial finance companies, commercial banks and smaller specialized firms**. If we are not able to **differentiate ourselves** respond to the continuing decline in the volume of physical mail delivered via traditional postal services, our financial performance could be adversely affected. Continuing declines in traditional mail volumes impact our financial results, primarily within our SendTech Solutions and Presort Services segments. An accelerated or sudden decline could result from one or **our competitors** more of the following factors: changes in communication technologies and their use; changes in frequency and quality of mail delivery from national posts; legislation incentivizing alternative means of communication, burdening mail, or limiting how the mail be used; significant rate increases; or other external events affecting physical mail delivery. If we are not successful at meeting the continuing challenges faced in our ~~or effectively compete~~ **mailing business, or if physical mail....., if we are unable to work with posts to support those strategies, our financial performance could be adversely affected.**

Business Operational Risks We face intense competition in the ~~them~~ industries in which we operate. The markets for our products and services in each of our segments are highly competitive. In our Global E-commerce segment, we face competition from full-service e-commerce

business process outsourcers, online marketplaces, freight forwarders, posts, and major global delivery services companies, including those that can offer both domestic and cross-border solutions in a single package. If we cannot compete successfully in these markets with, among other things, speed of delivery, price, reliability, functionality and scalability of our platform and logistic services and ease of integration and use, we may lose clients, incur additional costs and suffer from reduced margins, and the financial results of the segment may be adversely affected. Our Presort Services segment faces competition from regional and local presort providers, cooperatives of multiple local presort providers, consolidators and service bureaus that offer presort solutions as part of a larger bundle of outsourcing services and large volume mailers that have sufficient volumes and the capability to presort their own mailings in-house and could use excess capacity to offer presort services to others. If we are not able to effectively compete on price, innovative service, delivery speed, tracking and reporting, we may lose clients and the financial results of the segment may be adversely affected. Our Sending Technology Solutions segment faces competition from other mail equipment and solutions providers, companies that offer products and services as alternative means of message communications and those that offer online shipping and mailing products and services solutions. Our digital delivery business competes with technology providers ranging from large, established companies and national posts to smaller companies offering negotiated carrier rates. In addition, our financing operations face competition, in varying degrees, from large, diversified financial institutions, including leasing companies, commercial finance companies and commercial banks, as well as small, specialized firms. If we are not able to differentiate ourselves from our competitors or effectively compete with them, the financial results of the segment may be adversely affected. The evolution of our businesses to more digital and shipping-related services has resulted in a decline in our overall profit margins. If we cannot increase our volumes while at the same time reduce our costs, our overall profitability could be adversely affected. As our businesses shift to more digital and shipping-related services, the relative revenue contribution from our shipping-related offerings now exceeds that of the revenue from our mailing-related offerings. We expect the revenue contribution from shipping-related services to continue to grow; however, profit margins on these services are lower than those for our mailing-related offerings. As a result, we need to achieve higher dollars of revenue to generate the same dollars of profit that we generate in our mailing businesses. Accordingly, if we cannot continue to grow package volumes and gain additional economies of scale, and in turn, improve margins and profitability, our short and long-term financial performance may be adversely affected. Seasonality of the Global Ecommerce segment, unexpected declines in consumer demand or the performance of our retail customers, or unexpected spikes in the costs of labor or transportation, especially during the fourth quarter, could adversely affect our overall performance. Our Global Ecommerce segment derives the majority of its revenue from retail clients. The retail industry is subject to cyclical trends in consumer sentiment and spending habits that are affected by many factors, including prevailing economic conditions, recession or fears of recession, inflation, exchange rates, unemployment levels, pandemics, or geopolitical events. Our retail clients are also dependent on third-party suppliers to provide them with either raw materials or finished goods to meet the demands of their clients. This segment also relies upon the availability of labor and transportation at a reasonable cost and unexpected increases in these costs due to higher demand or other macroeconomic factors (which have occurred in the past) could also impact the financial results of Global Ecommerce. Further, the financial results for Global Ecommerce are highly dependent on its performance in the fourth quarter, so if any of these risk factors come to pass in that quarter, the impact on the segment's performance could be more significant than other times in the year. The loss of any of our largest clients in our Global Ecommerce segment could adversely affect the financial performance of that segment. The Global Ecommerce segment receives a large portion of its revenue from a relatively small number of clients and business partners. If any of these larger clients or business partners leave our network or reduce their use of our services, which has occurred in the past, and we are unable to replace that lost volume, it could have a material adverse effect on the revenue and profitability of the segment. There can be no assurance that our larger clients and business partners will continue to utilize our products or services at current levels, or that we would be able to replace any of these clients or business partners with others who can generate revenue at current levels. If we fail to effectively manage our third-party suppliers, or if their ability to perform were negatively impacted, our business, financial performance and reputation could be adversely affected. Our SendTech Solutions segment relies on third-party suppliers for services and components for our mailing equipment, spare parts, supplies and services and for the hosting of our SaaS offerings. We also rely on third-party suppliers to help us equip our Presort and Ecommerce facilities and to provide us with services related to some of our operations and productivity initiatives. In certain instances, we rely on single-sourced or limited-sourced suppliers around the world because of advantages in quality, price or lack of alternative sources. Like many other companies, we and our suppliers have experienced interruptions and increased supply costs in the past, due to, among other things, volatility in the semiconductor industry, threats of strikes, rising inflation and geopolitical instability. Although our 2023-2024 financial results were not significantly impacted, these factors, at times, caused us to experience longer wait times for supplies or increased costs. If these supply chain constraints were to worsen or, if other unknown events cause our suppliers to not be able to provide their services, components or equipment to us in a timely manner, or, if the quality of the goods or services received were to deteriorate, our relationship with certain suppliers were to be terminated, or if the costs of using these third parties were to continue to increase and we were not able to find alternate suppliers, we could lose clients, incur significant disruptions in manufacturing and operations and increased costs (including higher freight and re-engineering costs) and delay automation and productivity initiatives in our warehouses-facilities. Fluctuations in transportation costs or disruptions to transportation services in our Global Ecommerce or Presort Services segments- segment could adversely affect client satisfaction or our financial performance. In addition to our reliance on the USPS, our Global Ecommerce and Presort Services segments- segment rely-relies upon third-party transportation service providers to transport a significant portion of our parcel-and-mail volumes -Some of these providers may also be competitors. The use of these providers is subject to risks, including our ability to negotiate acceptable terms, increased competition during peak periods, capacity issues, increased fuel costs, labor shortages, performance problems, extreme weather, natural or man-

made disasters, pandemics, or other unforeseen difficulties. Given our continued reliance upon these providers, any disruption to the timely supply of these services, any future unforeseen disruptions affecting these providers, any dramatic increase in the cost of these services or any deterioration of the performance of these services (each of which we have experienced, at times), have adversely affected or could adversely affect client satisfaction and our financial performance. **Failure to successfully execute on our strategic initiatives could cause our future financial results to suffer. We have implemented or are implementing various strategic initiatives to further increase our profitability, including the Global Ecommerce exit, cost rationalization, cost optimization, and balance sheet deleveraging initiatives. If we are not able to successfully complete these initiatives, our future financial results may suffer.** Our business depends on our ability to attract, retain, and engage with, employees at a reasonable cost to meet the needs of our business and to consistently deliver highly differentiated, competitive offerings. ~~In May~~ **During the second quarter of 2023-2024**, we approved a worldwide **restructuring plan cost reduction initiative** (the "**2023-2024 Plan**"), which involved the elimination of **850-950 approximately 2,800** positions worldwide **in 2024**. Such actions may cause us to experience a loss of continuity, **experience and loss of accumulated knowledge, a reduction in productivity** and ~~and/or inefficiency~~ **efficiency**, **the unexpected** loss of key employees and / or other retention issues during transitional periods. Such actions may also make hiring qualified employees more difficult. There is also significant competition for the talent needed for research and development of new products and services and talent needed to sell and service our other products and services within all our business units. ~~Increased competition for employees has resulted in higher costs for wages and~~ The rapid growth of the ecommerce industry has resulted in ongoing competition for employees in the shipping, transportation, and logistics industry, including drivers and warehouse employees. At times, ~~both our Global Ecommerce and Presort Services segments~~ **segment have has** experienced increased demand and competition for labor, especially for our ~~warehouses~~ **facilities**, driving up costs. We supplement our workforce with contingent hourly workers from staffing agencies on an as-needed basis; however, if we experience labor shortages, do not effectively manage our ability to attract and utilize contingent workers, or if our staffing agencies terminate their relationship with us and we cannot find alternative providers, it could result in increased costs and adversely affect our operations. Moreover, given the nature of our ~~Global Ecommerce and Presort Services~~ employee base, if we cannot continue to maintain good relationships, we could experience increased employee dissatisfaction and turnover, which could result in increased operating costs and reduced operational flexibility. ~~In May 2023, we approved..... us from marketing or selling certain products~~. If we fail to comply with government contracting regulations, our financial performance, brand name and reputation could suffer. We have a significant number of contracts with governmental entities. Government contracts are subject to extensive and complex procurement laws and regulations, along with regular audits and investigations by government agencies. If ~~one or more government agency discovers we were subjected to a claim of~~ contractual noncompliance by ~~us or one of our subcontractors~~ **a government agency and were found noncompliant**, then we ~~may~~ **could** be subject to various civil or criminal penalties and administrative sanctions, which could include the termination of the contract, reimbursement of payments received, fines and debarment from doing business with other government agencies. Any of these events could not only affect our financial performance, but also adversely affect our brand and reputation. ~~by federal, state and local laws and regulatory actions; increased health care and workers' compensation insurance expenses; and costs associated with the health and safety of our employees~~. Difficulty in obtaining and protecting our intellectual property, and the risk of infringement claims by others may negatively impact our financial performance. Our ~~businesses are not materially dependent on any one patent or license or group of related patents and licenses; however, our~~ business success depends in part upon protecting our intellectual property rights, including proprietary technology developed **(internally or by third party partners and subcontractors)** or obtained through acquisitions. We rely on copyrights, patents, trademarks, trade secrets and other intellectual property laws to establish and protect our proprietary rights. If we are unable to protect our intellectual property rights, our competitive position may suffer, which could adversely affect our revenue and profitability. The continued evolution of patent law and the nature of our innovation work may affect the number of patents we are able to receive for our development efforts. As we continue to transition our business to more software and service-based offerings, patent protection of these innovations will be more difficult to obtain. **As a result, we will rely more on copyrights and, when appropriate, trade secret protection for those software and service-based offerings.** In addition, from time to time, third parties may claim that we, our clients, or our suppliers, have infringed their intellectual property rights. **Although third parties also face the same difficulties in patenting software and service-based offerings, these these** claims, if successful, may require us to redesign affected products, enter into costly settlement or license agreements, pay damage awards, or face a temporary or permanent injunction prohibiting us from marketing or selling certain products. We may not fully realize the anticipated benefits of strategic acquisitions and divestitures which may harm our financial performance. Strategic acquisitions and business divestitures involve significant risks and uncertainties, which could have an adverse effect on our financial performance, including ~~but not limited to~~, **difficulties in achieving anticipated benefits or synergies**; ~~difficulties in integrating newly acquired~~, **For example, many of the benefits and synergies we anticipated from our acquisitions of businesses which previously comprised our Global Ecommerce and operations, including combining product and service offerings and integrating financial reporting segment, did not materialize. As a result, in the third quarter of 2024, we entered into a series of transactions designed to facilitate and an orderly wind-down** other IT systems; ~~the loss of a majority key employees or clients of this reporting segment~~; ~~businesses acquired or divested;~~ ~~significant charges for employee severance and other restructuring costs, legal, accounting and financial advisory fees and goodwill and asset impairment charges; and~~ ~~reducing fixed costs previously associated with divested businesses~~. Our capital investments to develop new products and offerings may not yield the anticipated benefits. We ~~made and are continuing to make~~ significant capital investments in new products and services **to meet the evolving needs of our customers, improve and grow our business and remain competitive**. If we are not successful in these new product or service introductions, or if our past **capital** investments in facilities do not yield the **results** expected productivity improvements, at the levels anticipated when making the

investments, there may be an adverse effect on our financial performance. **We are subject to risks relating to the Ecommerce Restructuring and related transactions. On August 8, 2024, we entered into a series of transactions designed to facilitate an orderly wind-down of a majority of our Global Ecommerce reporting segment, including a sale of 81 % of the voting interests of DRF Logistics, LLC (“ DRF Logistics ”), which owned a majority of the Global Ecommerce segment’s net assets and operations (the “ GEC Sale ”). Subsequent to the GEC Sale, DRF Logistics and DRF LLC, a subsidiary of DRF Logistics (together, the “ Ecommerce Debtors ”), at the direction of their own governing bodies, filed petitions to commence Chapter 11 bankruptcy cases, which we refer to, together with the GEC Sale and any associated transactions as the “ Ecommerce Restructuring. ” The Ecommerce Restructuring culminated in the filing of the Ecommerce Debtors’ Third Amended Joint Plan of Liquidation (the “ Plan ”), which outlined the proposed treatment of all claims against the Ecommerce Debtors. In addition, the Plan incorporated the terms of a master settlement agreement by and between the Company and the Ecommerce Debtors (the “ Settlement Agreement ”), which effected the settlement and release of any and all claims the Ecommerce Debtors held against the Company. The Plan also afforded parties with claims that could potentially be asserted against both the Company and the Ecommerce Debtors (as opposed to claims against the Ecommerce Debtors alone), the opportunity to receive enhanced treatment in exchange for a voluntary release of the Company. The Plan provides that such parties who do not opt for enhanced treatment retain the right to pursue claims (if any) against the Company (the “ Remaining Claims ”). On November 25, 2024, the Bankruptcy Court entered an order (the “ Confirmation Order ”), among other things, confirming the Plan. On December 9, 2024 (the “ Effective Date ”), the conditions to effectiveness of the Plan were satisfied or waived and the Ecommerce Debtors emerged from Chapter 11. There are still risks and uncertainties that may be associated with the Ecommerce Restructuring, including, among others, the length of time necessary to implement the orderly wind-down of the Global Ecommerce business associated with the Ecommerce Debtors; continuing claims asserted against the Company or its affiliates related to the Ecommerce Restructuring described in Part I, Item 3, “ Legal Proceedings; ” potential impacts to the Company’s reputation and relationships with its customers, vendors, employees, and other counterparties; and impacts to the Company’s liquidity, financial condition and results of operations. The Remaining Claims may require significant effort, resources, and money to defend or could result in material losses to the Company, and such losses could have a material negative effect on the Company’s business, financial condition, liquidity and results of operations. We can provide no assurance that the Remaining Claims will be resolved in a manner that is satisfactory to the Company. The Company incurred substantial expenses in connection with the Ecommerce Restructuring; however, actual expenses may be greater than anticipated. If the expenses associated with the Ecommerce Restructuring exceed our estimates, our business, financial condition, liquidity and results of operations could be adversely impacted. Changes within our senior management and our Board of Directors could create uncertainties and impact our business. We have undergone recent changes in our senior management and in the composition of our Board of Directors. These changes, and potential future changes, may create continuity risks and challenges to our ability to operate the businesses and execute our strategy. In addition, such changes may, among other things, create uncertainty among investors, customers, employees, and others concerning our future direction and performance, make it difficult to attract and retain qualified personnel.**

Cybersecurity and Technology Risks Our financial performance and our reputation could be adversely affected, and we could be subject to legal liability or regulatory enforcement actions, if we or our suppliers are unable to protect against, or effectively respond to, cyberattacks or other **cyber-cybersecurity** incidents. We depend on the security of our and our suppliers' information technology systems to support numerous business processes and activities, to service our clients, and to enable consumer transactions and postal services. There are numerous cybersecurity risks to these systems, including **, but not limited to,** individual and group criminal hackers, industrial espionage, denial of service attacks, ransomware and malware attacks, attacks on the software supply chain, and employee errors and / or malfeasance. These cyber threats are **diverse and** constantly evolving, especially given the advances in, and the rise of the use of, artificial intelligence, thereby increasing the difficulty of preventing, detecting, and successfully defending against them. Successful **cybersecurity** breaches could, among other things, disrupt our operations or result in the unauthorized disclosure, theft and misuse of company, client, consumer and employee sensitive and confidential information, all of which could adversely affect our financial performance. Cybersecurity breaches could result in **legal claims or proceedings,** financial liability to other parties, governmental investigations, regulatory enforcement actions and penalties, and damage to our brand and reputation. Although we maintain insurance coverage relating to cybersecurity incidents, we may incur costs or financial losses that are either not insured against or not fully covered through our insurance. Despite the **fact implementation of our cybersecurity processes, our security measures cannot guarantee** that **a significant cyberattack will not** we continually implement and update measures to enhance our occur . **The Company and our suppliers have experienced certain** cybersecurity **incidents** protections and minimize the impact of any potential attack, **none of these measures are fool proof and like all companies, intrusions will occur, and have occurred** in the past (e. g. the previously disclosed ransomware attacks we experienced in 2019 and 2020). Our goal is to prevent meaningful incursions and minimize the overall impact of those that occur. For more information on how the Company handles cybersecurity, see Item 1C. Cybersecurity. Failure to comply with data privacy and protection laws and regulations could subject us to legal liability and adversely affect our reputation and our financial performance. Our businesses use, process, and store proprietary information and personal, sensitive, or confidential data relating to our business, clients, and employees. Privacy laws and similar regulations in many jurisdictions where we do business require that we take significant steps to safeguard that information, and these laws and regulations continue to evolve. The scope of the laws that may be applicable to us is often uncertain and may be conflicting , **and the growth of our cloud- based services increases the scope and complexity of laws that might apply** . In addition, new laws may add **an a broad** array of requirements on how we handle or use information and increase our compliance obligations. For example, **India's Digital Personal Data Protection Act, enacted in August 2023 but not operational until the rules**

have been set, is a new legal framework designed to protect individuals' personal data and regulates how organizations process it, and the European Union greatly increased the jurisdictional reach of European Law by enacting' s AI Act compliments and expands transparency requirements set out in the General Data Protection Regulation (GDPR), which, among other things, enhanced an individual' s rights with respect to their information. However, ongoing litigation in the European Union on how to comply with GDPR requirements continues to create uncertainty in how to demonstrate compliance, and the outcome of these cases could impact how companies do business in the European Union. In the United States, a growing number of states have enacted different laws regarding personal information and, privacy and artificial intelligence that impose significant new requirements on consumer personal information. In some instances (e. g., California), these laws also expand the definition of consumer personal information to include information related to employees and business contacts. Some of these state laws have established independent agencies with rule making and enforcement authority, whose initial guidance, actions, and regulations remain to be determined and tested, adding additional layers of uncertainty with respect to compliance. Other countries or states have enacted and will continue to enact and amend laws or regulations in the future that have similar or additional requirements. Although we endeavor to continually monitor and assess the impact of these laws and regulations, and continually update our systems to protect our data and comply with these laws, their interpretation and enforcement are uncertain, subject to change, and may require substantial costs to monitor and implement. Failure to comply with data privacy and protection laws and regulations could also result in government enforcement actions (which could include result in substantial civil and / or criminal penalties) and private litigation, which could adversely affect our reputation and financial performance. If we or our suppliers encounter unforeseen interruptions or difficulties in the operation of our cloud-based applications, our business could be disrupted, our reputation and relationships may be harmed, and our financial performance could be adversely affected. Our business relies upon the continuous and uninterrupted performance of our and our suppliers' cloud- based applications and systems to support numerous business processes, to service our clients and to support their transactions with their customers and postal services. Our applications and systems, and those of our partners, may be subject to interruptions due to technological errors, system capacity constraints, software errors or defects, human errors, computer or communications failures, power loss, adverse acts of nature and other unexpected events. We have business continuity and disaster recovery plans in place to protect our business operations in case of such events and we also require our suppliers to have the same. Nonetheless, there can be no guarantee that these plans will function as designed. If we are unable to limit interruptions or successfully correct them in a timely manner or at all, it could result in lost revenue, loss of critical data, significant expenditures of capital, a delay or loss in market acceptance of our services and damage to our reputation, brand and relationships, any of which could have an adverse effect on our business and our financial performance. Macroeconomic and General Regulatory Risks Periods of difficult economic conditions, other macroeconomic events, or a public health crisis could adversely affect our business. Our operations and financial performance are impacted by the economic conditions in the United States and the other countries where we and our clients do business. Any significant or perceived weakening of these economies, reduction in business confidence or change in business or consumer spending habits, concerns of a domestic or global recession, rising inflation or interest rates, limited availability of credit, or other macroeconomic events (including public health crises and severe weather events), not within our control, may impact our clients' businesses or reduce our client clients' s-demand for shipping and mailing products and services (especially in our Global Ecommerce business, which is subject to cyclical trends in consumer sentiment and spending habits) and thus, negatively affect our financial performance. These economic conditions, at times, have arisen and can arise suddenly, and the duration and full impact of such conditions can be difficult to predict, which could adversely impact our business, financial condition, and results of operations. Future A significant decline in cash flows, changes in our credit rating ratings downgrades, capital market disruptions, significant decline in cash flows, noncompliance with any of our debt covenants, or significant withdrawals by depositors at the Bank, could adversely affect our ability to maintain adequate liquidity, provide competitive financing services and to fund various discretionary priorities. We provide competitive finance offerings and fund discretionary priorities, such as business capital investments, strategic acquisitions, dividend payments and share repurchases through a combination of cash generated from operations, deposits held at the Bank and access to capital markets. Our ability to access U. S. capital markets and the associated cost of borrowing is dependent upon our credit ratings and is subject to capital market volatility. Given our current credit rating, we may experience reduced financial or strategic flexibility and higher costs when we do access the U. S. capital markets. We maintain a \$ 500 million revolving credit facility that requires to provide funding in the event we maintain certain financial and nonfinancial need it, however, our ability to borrow under our revolving credit facility is subject to compliance with the covenants set forth in the credit agreement governing the revolving credit facility. A significant decline in cash flows, changes in our noncompliance with any of the covenants under the revolving credit facility, further credit rating ratings downgrades, material capital market disruptions, noncompliance with any of our debt covenants, significant withdrawals by depositors at the Bank, adverse changes to our industrial loan charter or an increase in our credit default swap spread could impact our ability to maintain adequate liquidity, which could impact our ability to provide competitive finance offerings, repay or refinance maturing debt, and fund other strategic or discretionary activities, which could adversely affect our operational and financial performance. Changes in tax rates, laws or regulations could adversely impact our financial results. We are subject to taxes in the U. S. and in the foreign jurisdictions where we do business. Due to continuing global fiscal challenges and political conditions, tax laws and enforcement approaches have been and may continue to be subject to significant change. Changes in tax laws may be on a prospective or retroactive basis and could have a material impact of on our tax expense and cash flows. The Organization for Economic Co- operation and Development (OECD) have has set forth a Two- Pillar Solution fundamentally overhauling the international tax rules. Pillar One focuses on reallocation of profits while Pillar Two applies a global minimum corporate tax. The OECD has set forth Model Rules and an ambitious timeline to ensure the effective implementation of the Two- Pillar Solution. Although some jurisdictions have issued guidance or passed tax laws based on the OECD Model Rules, the final

nature, timing and extent of any such tax reforms or other legislative or regulatory actions is unpredictable, and it is difficult to assess their overall effect. However, these changes could result in double tax, increase our effective tax rate and adversely impact our financial results and cash flows. We **continuously monitor developments and evaluate the impact these new rules are anticipated to have on our tax rate.** We are subject to tax audits in the various jurisdictions in which we operate. Given the complexity of the current and changing tax laws and regulations, tax authorities may disagree with certain positions we have taken and assess additional taxes. We regularly review the strength of our positions based on current law, court cases, rulings and proposed legislative changes to determine the appropriateness of our tax provision, however, there can be no assurance that we will accurately predict the outcomes of these audits, which could have a material impact on our effective tax rate and adversely impact our financial results and cash flows. Our Global Ecommerce segment is exposed to increased foreign exchange rate fluctuations. The sales generated from many of our clients who use our cross-border services are exposed to foreign exchange rate fluctuations. Currently, merchants using our cross-border services are located primarily in the U. S. and the U. K. and a majority of consumers making purchases through these platforms are in a limited number of foreign countries. The current strength of the U. S. Dollar relative to currencies in the countries where we do the most business continues to impact our client's ability to compete internationally as the cost of similar international products improved relative to the cost of U. S. retailer's products. This in turn, adversely affected Global Ecommerce's revenue and profitability during the past two years. If the strength of the U. S. dollar continues, or if the British Pound were to strengthen relative to other currencies, our retailers may continue to experience a decrease in international sales volumes, which, in turn would adversely affect this segment's revenue and profitability. Our operations and financial performance may be negatively affected by changes in trade policies, tariffs and regulations. **In recent** Our Global Ecommerce segment is subject to significant trade regulations, taxes, and duties throughout the world. Any changes to these regulations could potentially impose increased documentation and delivery requirements, delay delivery times and subject us to increased costs and additional liabilities, which could adversely affect our financial performance. Within the last four years, the United States increased tariffs for certain goods, which triggered other nations to also increase tariffs on certain of their goods. **These** For our Global Ecommerce segment, tariff increases, or even an environment of uncertainty surrounding trade issues, could reduce demand and adversely affect its financial performance. For our SendTech Solutions segment, increased tariffs resulted in additional costs on certain components used in some of our **SendTech** products. **In addition, there is currently significant uncertainty about the future relationship between the United States and various other countries, including changes arising as a result of the new presidential administration with respect to trade policies, treaties, tariffs, taxes, and other limitations on cross-border operations. Changes in tariffs, trade barriers, price and exchange controls and other regulatory requirements could have an adverse effect on our business, prospects, financial condition and operating results, the extent of which cannot be predicted with certainty at this time.** If we do not keep pace with **evolving changing** expectations and regulations in the areas of Environmental, Social and Governance (ESG) and address the potential impact of climate change on our costs and operations, our reputation and results of operations may be adversely affected. The set of topics incorporated within the term ESG in general, and **including** climate change in particular, cover a range of issues that pose potential risks to our operations. **Companies across all industries are facing increased scrutiny from stakeholders related to their ESG practices.** From an environmental perspective, the impact of climate change and a potential increase in **extreme-severe** weather events may pose risk to the operation of our sortation facilities, **while changes in regulation relating to climate change** and the **other aspects of ESG** ability to transport mail and packages. The increased focus on alternative energy sources and the need to reduce our carbon footprint over time, could result **including different regulatory requirements** in higher investments in capital spending and increased operational **different locations where we operate, may change the costs— cost of compliance for, among other things, collecting, assuring and reporting information regarding our ESG impacts and risk management.** There are also a series of laws related to product stewardship and waste disposal to which we need to comply. From a "social" perspective, a failure to meet employee expectations **around safety and diversity, equity and inclusion** could impact our ability to recruit new employees and retain talent. **Finally, and failure to manage any reputational risks associated with social or environmental matters could negatively impact our business. Public statements with respect to ESG matters, such as emission reduction goals, other environmental targets, or other commitments addressing certain social issues, are becoming increasingly subject to heightened scrutiny from a public and governmental authorities related to the risk of potential "governance greenwashing," perspective i. e., misleading information** if we do not maintain good governance processes in general or **false claims overstating potential** do not satisfy investor stakeholder expectations on ESG **benefits. On the other hand, the Company could face criticism for pursuing certain environmental or social initiatives that are alleged to be political or polarizing in nature and could subject the Company to pressure in the media or through other means, which could adversely affect** our reputation and **attractiveness to results of portions operations, or of the investment community could be adversely affected** **impact our ability to obtain or retain business with, or overseen by, the US federal government or any relevant agencies**. Shareholder Activism Risks Our business could be negatively affected as a result of shareholder activism. We value constructive input from investors and regularly engage with our stockholders regarding strategy and performance. Although our Board of Directors and management team are committed to acting in the best interests of all our stockholders, there is no assurance that the results of actions taken by our Board of Directors and management team will be successful. **In We have been and may continue to be subject to shareholder activism in the future. For example, on January 31, 2023-2024, we entered into a cooperation agreement with Hestia Capital Partners, LP (collectively with and certain of its affiliates, Pursuant to, "Hestia") ran a proxy contest seeking the election cooperation agreement, we increased the size of five our Board of its Directors by two seats, appointed two nominees to our Board of Directors at, and agreed to the other terms and customary standstill provisions 2023 annual meeting of stockholders (the "2023 Annual Meeting"). Currently At the 2023 Annual Meeting held on May 9, Lance Rosenzweig and Paul Evans serve as 2023, our stockholders voted to elect four**

directors **pursuant** ~~nominated by Hestia to serve on our Board of Directors. Any qualifying stockholder may conduct a proxy contest in the future~~ **Cooperation Agreement**. Responding to proxy contests, including related litigation **and settlement of prior activism**, can be costly, time-consuming, **result in further turnover of our Board of Directors**, disrupt our operations and divert the attention of management, Board of Directors and employees. All of this could adversely affect our results of operations and financial condition, as well as the market performance of our securities. Additionally, perceived uncertainties as to our future direction or changes to the composition of our Board of Directors as a result of activist stockholders, may lead to the perception of an adverse change in the direction of our business, instability or lack of management or oversight continuity. These uncertainties may be more acute or heightened if an activist stockholder seeks to change a majority of our Board of Directors. Actions by activist stockholders may be exploited by our competitors and / or other activist stockholders, cause concern to customers, employees, investors, rating agencies, strategic partners and other constituencies, which could result in lost sales and business opportunities, make it more difficult to attract and retain qualified personnel and business partners and adversely impact our ability to access capital markets at reasonable costs. Further, actions of activist stockholders may cause significant fluctuations in our stock price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business. **As of the date of this filing, our nomination deadline has passed and no shareholders have nominated director candidates to oppose incumbent directors at this year's annual meeting.**