

Pitney Bowes Inc.

Consolidated Statements of Operations

(Unaudited; in thousands, except per share amounts)

	Three months ended December 31,		Twelve months ended December 31,	
	2022	2021	2022	2021
Revenue:				
Business services	\$ 582,674	\$ 645,814	\$ 2,249,941	\$ 2,334,674
Support services	112,572	113,622	438,191	460,888
Financing	67,424	71,217	274,508	294,418
Equipment sales	92,150	93,834	354,960	350,138
Supplies	37,425	40,348	154,186	159,438
Rentals	16,446	18,877	66,256	74,005
Total revenue	<u>908,691</u>	<u>983,712</u>	<u>3,538,042</u>	<u>3,673,561</u>
Costs and expenses:				
Cost of business services	500,732	579,913	1,934,206	2,034,477
Cost of support services	37,366	37,060	148,829	149,706
Financing interest expense	13,962	11,690	51,789	47,059
Cost of equipment sales	65,662	66,292	253,843	251,914
Cost of supplies	10,704	11,597	43,778	43,980
Cost of rentals	6,053	5,487	25,105	24,427
Selling, general and administrative	226,571	224,847	905,570	924,163
Research and development	11,257	13,781	43,657	46,777
Restructuring charges	6,043	7,569	18,715	19,003
Interest expense, net	23,164	23,070	89,980	96,886
Other components of net pension and postretirement expense	1,079	302	4,308	1,010
Other (income) expense, net	(1,319)	633	(21,618)	41,574
Total costs and expenses	<u>901,274</u>	<u>982,241</u>	<u>3,498,162</u>	<u>3,680,976</u>
Income (loss) from continuing operations before taxes	7,417	1,471	39,880	(7,415)
Provision (benefit) for income taxes	1,121	(320)	2,940	(10,922)
Income from continuing operations	6,296	1,791	36,940	3,507
Loss from discontinued operations, net of tax	-	(524)	-	(4,858)
Net income (loss)	<u>\$ 6,296</u>	<u>\$ 1,267</u>	<u>\$ 36,940</u>	<u>\$ (1,351)</u>
Basic earnings (loss) per share:				
Continuing operations	\$ 0.04	\$ 0.01	\$ 0.21	\$ 0.02
Discontinued operations	-	-	-	(0.03)
Net income (loss)	<u>\$ 0.04</u>	<u>\$ 0.01</u>	<u>\$ 0.21</u>	<u>\$ (0.01)</u>
Diluted earnings (loss) per share:				
Continuing operations	\$ 0.04	\$ 0.01	\$ 0.21	\$ 0.02
Discontinued operations	-	-	-	(0.03)
Net income (loss)	<u>\$ 0.04</u>	<u>\$ 0.01</u>	<u>\$ 0.21</u>	<u>\$ (0.01)</u>
Weighted-average shares used in diluted earnings per share	<u>177,999</u>	<u>179,506</u>	<u>177,252</u>	<u>179,105</u>

Pitney Bowes Inc.
Consolidated Balance Sheets
(Unaudited; in thousands)

Assets	December 31, 2022	December 31, 2021
Current assets:		
Cash and cash equivalents	\$ 669,981	\$ 732,480
Short-term investments	11,172	14,440
Accounts and other receivables, net	343,557	334,630
Short-term finance receivables, net	564,972	560,680
Inventories	83,720	78,588
Current income taxes	8,790	13,894
Other current assets and prepayments	115,824	157,341
Total current assets	1,798,016	1,892,053
Property, plant and equipment, net	420,672	429,162
Rental property and equipment, net	27,487	34,774
Long-term finance receivables, net	627,124	587,427
Goodwill	1,066,951	1,135,103
Intangible assets, net	77,944	132,442
Operating lease assets	296,129	208,428
Noncurrent income taxes	47,662	68,398
Other assets	380,419	471,084
Total assets	<u>\$ 4,742,404</u>	<u>\$ 4,958,871</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 907,083	\$ 922,543
Customer deposits at Pitney Bowes Bank	628,072	632,062
Current operating lease liabilities	52,576	40,299
Current portion of long-term debt	32,764	24,739
Advance billings	105,207	99,280
Current income taxes	3,150	9,017
Total current liabilities	1,728,852	1,727,940
Long-term debt	2,172,502	2,299,099
Deferred taxes on income	263,131	286,445
Tax uncertainties and other income tax liabilities	23,841	31,935
Noncurrent operating lease liabilities	265,696	192,092
Other noncurrent liabilities	227,729	308,728
Total liabilities	<u>4,681,751</u>	<u>4,846,239</u>
Stockholders' equity:		
Common stock	323,338	323,338
Additional paid-in-capital	-	2,485
Retained earnings	5,125,677	5,169,270
Accumulated other comprehensive loss	(835,564)	(780,312)
Treasury stock, at cost	(4,552,798)	(4,602,149)
Total stockholders' equity	<u>60,653</u>	<u>112,632</u>
Total liabilities and stockholders' equity	<u>\$ 4,742,404</u>	<u>\$ 4,958,871</u>

Pitney Bowes Inc.
Business Segment Revenue
(Unaudited; in thousands)

	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Global Ecommerce						
Revenue, as reported	\$ 409,725	\$ 473,054	(13%)	\$ 1,576,348	\$ 1,702,580	(7%)
Impact of change in revenue presentation		(44,228)			(44,228)	
Impact of Borderfree divestiture		(16,384)			(30,024)	
Comparable revenue before currency ⁽¹⁾	409,725	412,442	(1%)	1,576,348	1,628,328	(3%)
Impact of currency on revenue	4,726			12,643		
Comparable revenue	\$ 414,451	\$ 412,442	0%	\$ 1,588,991	\$ 1,628,328	(2%)
Presort Services						
Revenue, as reported	\$ 157,714	\$ 156,439	1%	\$ 602,016	\$ 573,480	5%
Impact of currency on revenue	-			-		
Revenue at constant currency	\$ 157,714	\$ 156,439	1%	602,016	\$ 573,480	5%
Sending Technology Solutions						
Revenue, as reported	\$ 341,252	\$ 354,219	(4%)	\$ 1,359,678	\$ 1,397,501	(3%)
Impact of change in revenue presentation		(3,102)			(3,102)	
Comparable revenue before currency ⁽¹⁾	341,252	351,117	(3%)	1,359,678	1,394,399	(2%)
Impact of currency on revenue	8,311			28,517		
Comparable revenue	\$ 349,563	\$ 351,117	(0%)	\$ 1,388,195	\$ 1,394,399	(0%)
Consolidated						
Revenue, as reported	\$ 908,691	\$ 983,712	(8%)	\$ 3,538,042	\$ 3,673,561	(4%)
Impact of change in revenue presentation		(47,330)			(47,330)	
Impact of Borderfree divestiture		(16,384)			(30,024)	
Comparable revenue before currency ⁽¹⁾	908,691	919,998	(1%)	3,538,042	3,596,207	(2%)
Impact of currency on revenue	13,037			41,160		
Comparable revenue	\$ 921,728	\$ 919,998	0%	\$ 3,579,202	\$ 3,596,207	(0%)

⁽¹⁾ Revenue on a comparable basis before currency for 2021 excludes the impact of the change in revenue presentation for certain services from a gross basis to net basis for the fourth quarter of 2021 and the revenue from the Borderfree business for the third and fourth quarters of 2021.

Pitney Bowes Inc.
Business Segment EBIT & EBITDA
(Unaudited; in thousands)

	Three months ended December 31,								
	2022			2021			% change		
	EBIT (1)	D&A	EBITDA	EBIT (1)	D&A	EBITDA	EBIT	EBITDA	
Global Ecommerce	\$ (22,906)	\$ 17,390	\$ (5,516)	\$ (40,516)	\$ 20,957	\$ (19,559)	43%	72%	
Presort Services	29,386	7,438	36,824	23,474	6,711	30,185	25%	22%	
Sending Technology Solutions	105,535	7,330	112,865	108,874	7,116	115,990	(3%)	(3%)	
Segment total	<u>\$ 112,015</u>	<u>\$ 32,158</u>	<u>144,173</u>	<u>\$ 91,832</u>	<u>\$ 34,784</u>	<u>126,616</u>	<u>22%</u>	<u>14%</u>	

Reconciliation of Segment EBITDA to Net Income:

Segment depreciation and amortization	(32,158)	(34,784)
Unallocated corporate expenses	(62,748)	(44,817)
Restructuring charges	(6,043)	(7,569)
Gain (loss) on sale of businesses, including transaction costs	1,319	(2,582)
Loss on debt redemption/refinancing	-	(633)
Interest, net	(37,126)	(34,760)
(Provision) benefit for income taxes	(1,121)	320
Income from continuing operations	6,296	1,791
Loss from discontinued operations, net of tax	-	(524)
Net income	<u>\$ 6,296</u>	<u>\$ 1,267</u>

	Twelve months ended December 31,								
	2022			2021			% change		
	EBIT (1)	D&A	EBITDA	EBIT (1)	D&A	EBITDA	EBIT	EBITDA	
Global Ecommerce	\$ (100,308)	\$ 78,296	\$ (22,012)	\$ (98,673)	\$ 79,128	\$ (19,545)	(2%)	(13%)	
Presort Services	82,430	28,039	110,469	79,721	27,243	106,964	3%	3%	
Sending Technology Solutions	400,909	29,489	430,398	429,415	29,951	459,366	(7%)	(6%)	
Segment Total	<u>\$ 383,031</u>	<u>\$ 135,824</u>	<u>518,855</u>	<u>\$ 410,463</u>	<u>\$ 136,322</u>	<u>546,785</u>	<u>(7%)</u>	<u>(5%)</u>	

Reconciliation of Segment EBITDA to Net Income (Loss):

Segment depreciation and amortization	(135,824)	(136,322)
Unallocated corporate expenses	(204,251)	(207,774)
Restructuring charges	(18,715)	(19,003)
Gain on sale of assets	14,372	1,434
Gain on sale of business, including transaction costs	12,205	7,619
Loss on debt redemption/refinancing	(4,993)	(56,209)
Interest, net	(141,769)	(143,945)
(Provision) benefit for income taxes	(2,940)	10,922
Income from continuing operations	36,940	3,507
Loss from discontinued operations, net of tax	-	(4,858)
Net income (loss)	<u>\$ 36,940</u>	<u>\$ (1,351)</u>

(1) Segment EBIT excludes interest, taxes, general corporate expenses, restructuring charges, and other items that are not allocated to a particular business segment. In 2022, we refined the methodology for allocating transportation costs between Global Ecommerce and Presort Services, resulting in an increase in Global Ecommerce EBIT and a corresponding decrease in Presort Services EBIT of \$1 million and \$10 million for the three and twelve months ended December 31, 2022, respectively.

Pitney Bowes Inc.

Reconciliation of Reported Consolidated Results to Adjusted Results

(Unaudited; in thousands, except per share amounts)

	Three months ended December 31,		Twelve months ended December 31,	
	2022	2021	2022	2021
Reconciliation of reported net income (loss) to adjusted EBIT and EBITDA				
Net income (loss)	\$ 6,296	\$ 1,267	\$ 36,940	\$ (1,351)
Loss from discontinued operations, net of tax	-	524	-	4,858
Provision (benefit) for income taxes	1,121	(320)	2,940	(10,922)
Income (loss) from continuing operations before taxes	7,417	1,471	39,880	(7,415)
Restructuring charges	6,043	7,569	18,715	19,003
Gain on sale of assets	-	-	(14,372)	(1,434)
(Gain) loss on sale of businesses, including transaction costs	(1,319)	2,582	(12,205)	(7,619)
Loss on debt redemption/refinancing	-	633	4,993	56,209
Adjusted net income before tax	12,141	12,255	37,011	58,744
Interest, net	37,126	34,760	141,769	143,945
Adjusted EBIT	49,267	47,015	178,780	202,689
Depreciation and amortization	39,064	41,634	163,816	162,859
Adjusted EBITDA	<u>\$ 88,331</u>	<u>\$ 88,649</u>	<u>\$ 342,596</u>	<u>\$ 365,548</u>
Reconciliation of reported diluted earnings (loss) per share to adjusted diluted earnings per share				
Diluted earnings (loss) per share	\$ 0.04	\$ 0.01	\$ 0.21	\$ (0.01)
Restructuring charges	0.03	0.03	0.08	0.08
Gain on sale of assets	-	-	(0.06)	(0.01)
(Gain) loss on sale of businesses, including transaction costs	(0.01)	0.01	(0.09)	(0.01)
Loss on debt redemption/refinancing	-	-	0.02	0.24
Loss from discontinued operations, net of tax	-	-	-	0.03
Adjusted diluted earnings per share ⁽¹⁾	<u>\$ 0.06</u>	<u>\$ 0.06</u>	<u>\$ 0.15</u>	<u>\$ 0.32</u>
⁽¹⁾ The sum of the earnings per share amounts may not equal the totals due to rounding.				
Reconciliation of reported net cash from operating activities to free cash flow				
Net cash from operating activities	\$ 166,754	\$ 85,341	\$ 175,983	\$ 301,515
Capital expenditures	(27,307)	(43,135)	(124,840)	(184,042)
Restructuring payments	3,645	7,143	15,406	21,990
Change in customer deposits at PB Bank	(35,349)	(10,650)	(3,990)	14,862
Transaction costs paid	379	-	5,779	-
Free cash flow	<u>\$ 108,122</u>	<u>\$ 38,699</u>	<u>\$ 68,338</u>	<u>\$ 154,325</u>