

Pitney Bowes Inc.

Consolidated Statements of Operations

(Unaudited; in thousands, except per share amounts)

	Three months ended December 31,		Twelve months ended December 31,	
	2021	2020	2021	2020
Revenue:				
Business services	\$ 645,814	\$ 666,983	\$ 2,334,674	\$ 2,191,306
Support services	113,622	119,972	460,888	473,292
Financing	71,217	80,276	294,418	341,034
Equipment sales	93,834	101,200	350,138	314,882
Supplies	40,348	41,165	159,438	159,282
Rentals	18,877	18,821	74,005	74,279
Total revenue	<u>983,712</u>	<u>1,028,417</u>	<u>3,673,561</u>	<u>3,554,075</u>
Costs and expenses:				
Cost of business services	579,913	592,137	2,034,477	1,904,078
Cost of support services	37,060	35,856	149,706	149,988
Financing interest expense	11,690	12,108	47,059	48,162
Cost of equipment sales	66,292	69,821	251,914	235,153
Cost of supplies	11,597	10,928	43,980	41,679
Cost of rentals	5,487	7,145	24,427	25,600
Selling, general and administrative	224,847	242,441	924,163	963,323
Research and development	13,781	9,546	46,777	38,384
Restructuring charges	7,569	8,207	19,003	20,712
Goodwill impairment	-	-	-	198,169
Interest expense, net	23,070	26,249	96,886	105,753
Other components of net pension and postretirement expense (income)	302	(1,834)	1,010	(1,708)
Other expense (income), net	633	(1,636)	41,574	8,151
Total costs and expenses	<u>982,241</u>	<u>1,010,968</u>	<u>3,680,976</u>	<u>3,737,444</u>
Income (loss) from continuing operations before taxes	1,471	17,449	(7,415)	(183,369)
(Benefit) provision for income taxes	(320)	(350)	(10,922)	7,122
Income (loss) from continuing operations	1,791	17,799	3,507	(190,491)
(Loss) income from discontinued operations, net of tax	(524)	2,467	(4,858)	10,115
Net income (loss)	<u>\$ 1,267</u>	<u>\$ 20,266</u>	<u>\$ (1,351)</u>	<u>\$ (180,376)</u>
Basic earnings (loss) per share (1):				
Continuing operations	\$ 0.01	\$ 0.10	\$ 0.02	\$ (1.11)
Discontinued operations	-	0.01	(0.03)	0.06
Net income (loss)	<u>\$ 0.01</u>	<u>\$ 0.12</u>	<u>\$ (0.01)</u>	<u>\$ (1.05)</u>
Diluted earnings (loss) per share (1):				
Continuing operations	\$ 0.01	\$ 0.10	\$ 0.02	\$ (1.11)
Discontinued operations	-	0.01	(0.03)	0.06
Net income (loss)	<u>\$ 0.01</u>	<u>\$ 0.11</u>	<u>\$ (0.01)</u>	<u>\$ (1.05)</u>
Weighted-average shares used in diluted earnings per share	<u>179,506</u>	<u>176,835</u>	<u>179,105</u>	<u>171,519</u>

(1) The sum of the earnings per share amounts may not equal the totals due to rounding.

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

Assets	December 31, 2021	December 31, 2020
Current assets:		
Cash and cash equivalents	\$ 732,480	\$ 921,450
Short-term investments	14,440	18,974
Accounts and other receivables, net	334,630	389,240
Short-term finance receivables, net	560,680	568,050
Inventories	78,588	71,480
Current income taxes	13,894	23,219
Other current assets and prepayments	154,165	120,145
Total current assets	1,888,877	2,112,558
Property, plant and equipment, net	429,162	391,280
Rental property and equipment, net	34,774	38,435
Long-term finance receivables, net	587,427	605,292
Goodwill	1,135,103	1,152,285
Intangible assets, net	132,442	159,839
Operating lease assets	208,428	201,916
Noncurrent income taxes	68,398	71,244
Other assets	471,084	491,514
Total assets	<u>\$ 4,955,695</u>	<u>\$ 5,224,363</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 919,367	\$ 880,616
Customer deposits at Pitney Bowes Bank	632,062	617,200
Current operating lease liabilities	40,299	39,182
Current portion of long-term debt	24,739	216,032
Advance billings	99,280	114,550
Current income taxes	9,017	2,880
Total current liabilities	1,724,764	1,870,460
Long-term debt	2,299,099	2,348,361
Deferred taxes on income	286,445	279,451
Tax uncertainties and other income tax liabilities	31,935	38,163
Noncurrent operating lease liabilities	192,092	180,292
Other noncurrent liabilities	308,728	437,015
Total liabilities	4,843,063	5,153,742
Stockholders' equity:		
Common stock	323,338	323,338
Additional paid-in-capital	2,485	68,502
Retained earnings	5,169,270	5,205,421
Accumulated other comprehensive loss	(780,312)	(839,131)
Treasury stock, at cost	(4,602,149)	(4,687,509)
Total stockholders' equity	112,632	70,621
Total liabilities and stockholders' equity	<u>\$ 4,955,695</u>	<u>\$ 5,224,363</u>

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

	Three months ended December 31,			Twelve months ended December 31,		
	2021	2020	% Change	2021	2020	% Change
Global Ecommerce	\$ 473,054	\$ 518,140	(9%)	\$ 1,702,580	\$ 1,618,897	5%
Presort Services	156,439	134,660	16%	573,480	521,212	10%
Sending Technology Solutions	354,219	375,617	(6%)	1,397,501	1,413,966	(1%)
Total revenue - GAAP	983,712	1,028,417	(4%)	3,673,561	3,554,075	3%
Currency impact on revenue	(317)	-		(27,910)	-	
Revenue, at constant currency	<u>\$ 983,395</u>	<u>\$ 1,028,417</u>	<u>(4%)</u>	<u>\$ 3,645,651</u>	<u>\$ 3,554,075</u>	<u>3%</u>

Pitney Bowes Inc.
Business Segment EBIT & EBITDA

(Unaudited; in thousands)

	Three months ended December 31,								
	2021			2020			% change		
	EBIT (1)	D&A	EBITDA	EBIT (1)	D&A	EBITDA	EBIT	EBITDA	
Global Ecommerce	\$ (40,516)	\$ 20,957	\$ (19,559)	\$ (14,768)	\$ 17,490	\$ 2,722	>(100%)	>(100%)	
Presort Services	23,474	6,711	30,185	13,041	8,107	21,148	80%	43%	
Sending Technology Solutions	108,874	7,116	115,990	119,506	8,545	128,051	(9%)	(9%)	
Segment total	<u>\$ 91,832</u>	<u>\$ 34,784</u>	<u>126,616</u>	<u>\$ 117,779</u>	<u>\$ 34,142</u>	<u>151,921</u>	<u>(22%)</u>	<u>(17%)</u>	

Reconciliation of Segment EBITDA to Net Income:

Segment depreciation and amortization	(34,784)	(34,142)
Unallocated corporate expenses	(44,817)	(53,766)
Restructuring charges	(7,569)	(8,207)
Loss on debt refinancing	(633)	-
Transaction costs	(2,582)	-
Interest, net	(34,760)	(38,357)
Benefit for income taxes	320	350
Income from continuing operations	1,791	17,799
(Loss) income from discontinued operations, net of tax	(524)	2,467
Net income	<u>\$ 1,267</u>	<u>\$ 20,266</u>

	Twelve months ended December 31,								
	2021			2020			% change		
	EBIT (1)	D&A	EBITDA	EBIT (1)	D&A	EBITDA	EBIT	EBITDA	
Global Ecommerce	\$ (98,673)	\$ 79,128	\$ (19,545)	\$ (82,894)	\$ 69,676	\$ (13,218)	(19%)	(48%)	
Presort Services	79,721	27,243	106,964	55,799	31,769	87,568	43%	22%	
Sending Technology Solutions	429,415	29,951	459,366	442,648	34,316	476,964	(3%)	(4%)	
Segment Total	<u>\$ 410,463</u>	<u>\$ 136,322</u>	<u>546,785</u>	<u>\$ 415,553</u>	<u>\$ 135,761</u>	<u>551,314</u>	<u>(1%)</u>	<u>(1%)</u>	

Reconciliation of Segment EBITDA to Net Loss:

Segment depreciation and amortization	(136,322)	(135,761)
Unallocated corporate expenses	(207,774)	(200,406)
Restructuring charges	(19,003)	(20,712)
Gain on sale of assets/business	11,635	11,908
Loss on debt refinancing	(56,209)	(36,987)
Goodwill impairment	-	(198,169)
Transaction costs	(2,582)	(641)
Interest, net	(143,945)	(153,915)
Benefit (provision) for income taxes	10,922	(7,122)
Income (loss) from continuing operations	3,507	(190,491)
(Loss) income from discontinued operations, net of tax	(4,858)	10,115
Net loss	<u>\$ (1,351)</u>	<u>\$ (180,376)</u>

(1) Segment EBIT excludes interest, taxes, general corporate expenses, restructuring charges, and other items that are not allocated to a particular business segment.

Pitney Bowes Inc.

Reconciliation of Reported Consolidated Results to Adjusted Results

(Unaudited; in thousands, except per share amounts)

	Three months ended December		Twelve months ended	
	31,		December 31,	
	2021	2020	2021	2020
Reconciliation of reported net income (loss) to adjusted EBIT and EBITDA				
Net income (loss)	\$ 1,267	\$ 20,266	\$ (1,351)	\$ (180,376)
Loss (income) from discontinued operations, net of tax	524	(2,467)	4,858	(10,115)
(Benefit) provision for income taxes	(320)	(350)	(10,922)	7,122
Income (loss) from continuing operations before taxes	1,471	17,449	(7,415)	(183,369)
Restructuring charges	7,569	8,207	19,003	20,712
Gain on sale of assets/business	-	-	(11,635)	(11,908)
Loss on debt refinancing	633	-	56,209	36,987
Goodwill impairment	-	-	-	198,169
Transaction costs	2,582	-	2,582	641
Adjusted net income before tax	12,255	25,656	58,744	61,232
Interest, net	34,760	38,357	143,945	153,915
Adjusted EBIT	47,015	64,013	202,689	215,147
Depreciation and amortization	41,634	40,222	162,859	160,625
Adjusted EBITDA	\$ 88,649	\$ 104,235	\$ 365,548	\$ 375,772
Reconciliation of reported diluted earnings (loss) per share to adjusted diluted earnings per share ⁽¹⁾				
Diluted earnings (loss) per share	\$ 0.01	\$ 0.11	\$ (0.01)	\$ (1.05)
Loss (income) from discontinued operations, net of tax	-	(0.01)	0.03	(0.06)
Restructuring charges	0.03	0.04	0.08	0.09
Gain on sale of assets/business	-	-	(0.03)	(0.05)
Loss on debt refinancing	-	-	0.24	0.16
Goodwill impairment	-	-	-	1.13
Tax on surrender of investment securities	-	-	-	0.07
Transaction costs	0.01	-	0.01	-
Adjusted diluted earnings per share	\$ 0.06	\$ 0.14	\$ 0.32	\$ 0.31
Reconciliation of reported net cash from operating activities to free cash flow				
Net cash provided by operating activities	\$ 85,341	\$ 110,806	\$ 301,515	\$ 301,972
Net cash (provided by) used in operating activities - discontinued operations	-	(511)	-	37,912
Capital expenditures	(43,135)	(24,200)	(184,042)	(104,987)
Restructuring payments	7,143	4,145	21,990	20,014
Change in customer deposits at PB Bank	(10,650)	6,618	14,862	26,082
Transaction costs paid	-	-	-	2,117
Free cash flow	\$ 38,699	\$ 96,858	\$ 154,325	\$ 283,110

⁽¹⁾ The sum of the earnings per share amounts may not equal the totals due to rounding.