

Pitney Bowes Inc.

Consolidated Statements of Operations

(Unaudited; in thousands, except per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Revenue:				
Business services	\$ 551,478	\$ 567,022	\$ 1,148,862	\$ 1,137,476
Support services	107,625	115,156	217,977	233,853
Financing	67,298	73,453	139,327	151,265
Equipment sales	89,986	86,267	179,282	173,070
Supplies	38,245	38,655	79,306	80,879
Rentals	16,863	18,650	33,683	37,857
Total revenue	<u>871,495</u>	<u>899,203</u>	<u>1,798,437</u>	<u>1,814,400</u>
Costs and expenses:				
Cost of business services	477,544	482,814	980,759	982,348
Cost of support services	37,711	37,679	74,845	74,396
Financing interest expense	12,533	11,773	24,135	23,659
Cost of equipment sales	63,815	61,561	127,586	123,401
Cost of supplies	11,028	10,467	22,545	21,678
Cost of rentals	7,473	6,013	12,782	12,460
Selling, general and administrative	226,638	236,190	469,423	474,292
Research and development	11,254	11,059	22,588	22,375
Restructuring charges	4,224	4,844	8,408	7,733
Interest expense, net	21,007	24,346	43,131	49,504
Other components of net pension and postretirement expense	958	312	1,802	662
Other (income) expense, net	-	(13,646)	(11,901)	37,748
Total costs and expenses	<u>874,185</u>	<u>873,412</u>	<u>1,776,103</u>	<u>1,830,256</u>
(Loss) income from continuing operations before taxes	(2,690)	25,791	22,334	(15,856)
(Benefit) provision for income taxes	(7,026)	4,915	(2,823)	(9,077)
Income (loss) from continuing operations	4,336	20,876	25,157	(6,779)
Loss from discontinued operations, net of tax	-	(1,020)	-	(4,906)
Net income (loss)	<u>\$ 4,336</u>	<u>\$ 19,856</u>	<u>\$ 25,157</u>	<u>\$ (11,685)</u>
Basic earnings (loss) per share:				
Continuing operations	\$ 0.02	\$ 0.12	\$ 0.14	\$ (0.04)
Discontinued operations	-	(0.01)	-	(0.03)
Net income (loss)	<u>\$ 0.02</u>	<u>\$ 0.11</u>	<u>\$ 0.14</u>	<u>\$ (0.07)</u>
Diluted earnings (loss) per share:				
Continuing operations	\$ 0.02	\$ 0.12	\$ 0.14	\$ (0.04)
Discontinued operations	-	(0.01)	-	(0.03)
Net income (loss)	<u>\$ 0.02</u>	<u>\$ 0.11</u>	<u>\$ 0.14</u>	<u>\$ (0.07)</u>
Weighted-average shares used in diluted earnings per share	<u>176,969</u>	<u>178,979</u>	<u>177,673</u>	<u>173,367</u>

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

Assets	June 30, 2022	December 31, 2021
Current assets:		
Cash and cash equivalents	\$ 570,697	\$ 732,480
Short-term investments	11,519	14,440
Accounts and other receivables, net	268,722	334,630
Short-term finance receivables, net	557,571	560,680
Inventories	82,797	78,588
Current income taxes	15,875	13,894
Assets held for sale	108,677	36,394
Other current assets and prepayments	151,090	120,947
Total current assets	1,766,948	1,892,053
Property, plant and equipment, net	427,438	429,162
Rental property and equipment, net	30,889	34,774
Long-term finance receivables, net	592,928	587,427
Goodwill	1,060,452	1,135,103
Intangible assets, net	82,770	132,442
Operating lease assets	242,452	208,428
Noncurrent income taxes	62,849	68,398
Other assets	410,865	471,084
Total assets	<u>\$ 4,677,591</u>	<u>\$ 4,958,871</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 827,639	\$ 922,543
Customer deposits at Pitney Bowes Bank	616,150	632,062
Current operating lease liabilities	42,253	40,299
Current portion of long-term debt	24,752	24,739
Advance billings	96,573	99,280
Liabilities held for sale	18,700	-
Current income taxes	2,865	9,017
Total current liabilities	1,628,932	1,727,940
Long-term debt	2,194,767	2,299,099
Deferred taxes on income	268,416	286,445
Tax uncertainties and other income tax liabilities	31,643	31,935
Noncurrent operating lease liabilities	227,238	192,092
Other noncurrent liabilities	282,441	308,728
Total liabilities	4,633,437	4,846,239
Stockholders' equity:		
Common stock	323,338	323,338
Additional paid-in-capital	-	2,485
Retained earnings	5,137,248	5,169,270
Accumulated other comprehensive loss	(850,053)	(780,312)
Treasury stock, at cost	(4,566,379)	(4,602,149)
Total stockholders' equity	44,154	112,632
Total liabilities and stockholders' equity	<u>\$ 4,677,591</u>	<u>\$ 4,958,871</u>

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

	Three months ended June 30,			Six months ended June 30,		
	2022	2021	% Change	2022	2021	% Change
Global Ecommerce	\$ 393,770	\$ 418,429	(6%)	\$ 812,297	\$ 831,515	(2%)
Presort Services	138,934	134,619	3%	299,478	277,745	8%
Sending Technology Solutions	338,791	346,155	(2%)	686,662	705,140	(3%)
Total revenue - GAAP	871,495	899,203	(3%)	1,798,437	1,814,400	(1%)
Currency impact on revenue	10,775	-		14,767	-	
Revenue, at constant currency	\$ 882,270	\$ 899,203	(2%)	\$ 1,813,204	\$ 1,814,400	(0%)

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

	Three months ended June 30,							
	2022			2021			% change	
	EBIT ⁽¹⁾	D&A	EBITDA	EBIT ⁽¹⁾	D&A	EBITDA	EBIT	EBITDA
Global Ecommerce	\$ (28,825)	\$ 21,480	\$ (7,345)	\$ (10,831)	\$ 19,060	\$ 8,229	>(100%)	>(100%)
Presort Services	12,851	7,000	19,851	16,134	6,798	22,932	(20%)	(13%)
Sending Technology Solutions	95,565	7,908	103,473	107,121	7,537	114,658	(11%)	(10%)
Segment total	<u>\$ 79,591</u>	<u>\$ 36,388</u>	<u>115,979</u>	<u>\$ 112,424</u>	<u>\$ 33,395</u>	<u>145,819</u>	<u>(29%)</u>	<u>(20%)</u>

Reconciliation of Segment EBITDA to Net Income:

Segment depreciation and amortization		(36,388)	(33,395)
Unallocated corporate expenses		(40,761)	(56,316)
Restructuring charges		(4,224)	(4,844)
Gain on sale of assets		-	1,434
Gain on sale of business		-	10,201
Loss on debt redemption/refinancing		-	(989)
Transaction costs		(3,756)	-
Interest, net		(33,540)	(36,119)
Benefit (provision) for income taxes		7,026	(4,915)
Income from continuing operations		4,336	20,876
Loss from discontinued operations, net of tax		-	(1,020)
Net income		<u>\$ 4,336</u>	<u>\$ 19,856</u>

	Six months ended June 30,							
	2022			2021			% change	
	EBIT ⁽¹⁾	D&A	EBITDA	EBIT ⁽¹⁾	D&A	EBITDA	EBIT	EBITDA
Global Ecommerce	\$ (42,521)	\$ 42,924	\$ 403	\$ (37,207)	\$ 37,236	\$ 29	(14%)	>100%
Presort Services	32,483	13,419	45,902	35,185	14,297	49,482	(8%)	(7%)
Sending Technology Solutions	200,140	14,911	215,051	221,591	15,140	236,731	(10%)	(9%)
Segment Total	<u>\$ 190,102</u>	<u>\$ 71,254</u>	<u>261,356</u>	<u>\$ 219,569</u>	<u>\$ 66,673</u>	<u>286,242</u>	<u>(13%)</u>	<u>(9%)</u>

Reconciliation of Segment EBITDA to Net Income (Loss):

Segment depreciation and amortization		(71,254)	(66,673)
Unallocated corporate expenses		(98,595)	(113,781)
Restructuring charges		(8,408)	(7,733)
Gain on sale of assets		14,372	1,434
Gain on sale of business		2,522	10,201
Loss on debt redemption/refinancing		(4,993)	(52,383)
Transaction costs		(5,400)	-
Interest, net		(67,266)	(73,163)
Benefit for income taxes		2,823	9,077
Income (loss) from continuing operations		25,157	(6,779)
Loss from discontinued operations, net of tax		-	(4,906)
Net income (loss)		<u>\$ 25,157</u>	<u>\$ (11,685)</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 \$3 million and \$7 million for the three and six months ended June 30, 2022, respectively.

Pitney Bowes Inc.

Reconciliation of Reported Consolidated Results to Adjusted Results

(Unaudited; in thousands, except per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Reconciliation of reported net income (loss) to adjusted EBIT and EBITDA				
Net income (loss)	\$ 4,336	\$ 19,856	\$ 25,157	\$ (11,685)
Loss from discontinued operations, net of tax	-	1,020	-	4,906
(Benefit) provision for income taxes	(7,026)	4,915	(2,823)	(9,077)
(Loss) income from continuing operations before taxes	(2,690)	25,791	22,334	(15,856)
Restructuring charges	4,224	4,844	8,408	7,733
Gain on sale of assets	-	(1,434)	(14,372)	(1,434)
Gain on sale of business	-	(10,201)	(2,522)	(10,201)
Loss on debt redemption/refinancing	-	989	4,993	52,383
Transaction costs	3,756	-	5,400	-
Adjusted net income before tax	5,290	19,989	24,241	32,625
Interest, net	33,540	36,119	67,266	73,163
Adjusted EBIT	38,830	56,108	91,507	105,788
Depreciation and amortization	43,470	39,822	85,472	79,416
Adjusted EBITDA	\$ 82,300	\$ 95,930	\$ 176,979	\$ 185,204

Reconciliation of reported diluted earnings (loss) per share to adjusted diluted earnings per share

Diluted earnings (loss) per share	\$ 0.02	\$ 0.11	\$ 0.14	\$ (0.07)
Loss from discontinued operations, net of tax	-	0.01	-	0.03
Restructuring charges	0.02	0.02	0.03	0.03
Gain on sale of assets	-	(0.01)	(0.06)	(0.01)
Gain on sale of business	-	(0.02)	(0.02)	(0.02)
Loss on debt redemption/refinancing	-	-	0.02	0.22
Tax benefit on sale of business	(0.03)	-	(0.03)	-
Transaction costs	0.02	-	0.02	-
Adjusted diluted earnings per share ⁽¹⁾	\$ 0.02	\$ 0.11	\$ 0.10	\$ 0.19

⁽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	\$ 35,132	\$ 78,806	\$ 45,694	\$ 144,729
Capital expenditures	(31,619)	(40,375)	(64,174)	(83,703)
Restructuring payments	4,970	4,870	8,255	8,825
Change in customer deposits at PB Bank	(2,953)	43,427	(15,912)	15,633
Transaction costs paid	-	-	2,132	-
Free cash flow	\$ 5,530	\$ 86,728	\$ (24,005)	\$ 85,484