

Pitney Bowes Inc.

Consolidated Statements of Operations

(Unaudited; in thousands, except per share amounts)

	Three months ended March 31,	
	2023	2022
Revenue:		
Business services	\$ 523,491	\$ 597,384
Support services	105,284	110,352
Financing	67,049	72,029
Equipment sales	82,610	89,296
Supplies	38,835	41,061
Rentals	17,269	16,820
Total revenue	<u>834,538</u>	<u>926,942</u>
Costs and expenses:		
Cost of business services	446,317	503,215
Cost of support services	36,840	37,134
Financing interest expense	14,536	11,602
Cost of equipment sales	57,171	63,771
Cost of supplies	11,225	11,517
Cost of rentals	5,428	5,309
Selling, general and administrative	242,120	242,785
Research and development	10,493	11,334
Restructuring charges	3,599	4,184
Interest expense, net	22,342	22,124
Other components of net pension and postretirement (income) cost	(1,710)	844
Other income, net	(2,836)	(11,901)
Total costs and expenses	<u>845,525</u>	<u>901,918</u>
(Loss) income before taxes	(10,987)	25,024
(Benefit) provision for income taxes	(3,250)	4,203
Net (loss) income	<u>\$ (7,737)</u>	<u>\$ 20,821</u>
(Loss) earnings per share:		
Basic	<u>\$ (0.04)</u>	<u>\$ 0.12</u>
Diluted	<u>\$ (0.04)</u>	<u>\$ 0.12</u>
Weighted-average shares used in diluted earnings per share	<u>174,626</u>	<u>178,034</u>

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

Assets	March 31, 2023	December 31, 2022
Current assets:		
Cash and cash equivalents	\$ 511,761	\$ 669,981
Short-term investments	15,614	11,172
Accounts and other receivables, net	271,496	343,557
Short-term finance receivables, net	551,348	564,972
Inventories	94,016	83,720
Current income taxes	19,318	8,790
Other current assets and prepayments	125,746	115,824
Total current assets	1,589,299	1,798,016
Property, plant and equipment, net	411,793	420,672
Rental property and equipment, net	26,955	27,487
Long-term finance receivables, net	636,518	627,124
Goodwill	1,069,660	1,066,951
Intangible assets, net	74,028	77,944
Operating lease assets	287,703	296,129
Noncurrent income taxes	44,595	46,613
Other assets	390,298	380,419
Total assets	<u>\$ 4,530,849</u>	<u>\$ 4,741,355</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 800,050	\$ 907,083
Customer deposits at Pitney Bowes Bank	594,546	628,072
Current operating lease liabilities	53,848	52,576
Current portion of long-term debt	262,439	32,764
Advance billings	86,802	105,207
Current income taxes	981	2,101
Total current liabilities	1,798,666	1,727,803
Long-term debt	1,910,529	2,172,502
Deferred taxes on income	268,193	263,131
Tax uncertainties and other income tax liabilities	23,778	23,841
Noncurrent operating lease liabilities	256,158	265,696
Other noncurrent liabilities	213,561	227,729
Total liabilities	<u>4,470,885</u>	<u>4,680,702</u>
Stockholders' equity:		
Common stock	323,338	323,338
Retained earnings	5,060,852	5,125,677
Accumulated other comprehensive loss	(819,978)	(835,564)
Treasury stock, at cost	(4,504,248)	(4,552,798)
Total stockholders' equity	<u>59,964</u>	<u>60,653</u>
Total liabilities and stockholders' equity	<u>\$ 4,530,849</u>	<u>\$ 4,741,355</u>

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

	<u>Three months ended March 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Global Ecommerce			
Revenue, as reported	\$ 348,391	\$ 418,527	(17%)
Impact of change in revenue presentation		(37,586)	
Impact of Borderfree divestiture		(11,730)	
Comparable revenue before currency	<u>348,391</u>	<u>369,211</u>	(6%)
Impact of currency on revenue	2,841		
Comparable revenue	<u>\$ 351,232</u>	<u>\$ 369,211</u>	(5%)
Presort Services			
Revenue, as reported	<u>\$ 158,902</u>	<u>\$ 160,544</u>	(1%)
Sending Technology Solutions			
Revenue, as reported	\$ 327,245	\$ 347,871	(6%)
Impact of change in revenue presentation		(3,690)	
Comparable revenue before currency	<u>327,245</u>	<u>344,181</u>	(5%)
Impact of currency on revenue	4,844		
Comparable revenue	<u>\$ 332,089</u>	<u>\$ 344,181</u>	(4%)
Consolidated			
Revenue, as reported	\$ 834,538	\$ 926,942	(10%)
Impact of change in revenue presentation		(41,276)	
Impact of Borderfree divestiture		(11,730)	
Comparable revenue before currency	<u>834,538</u>	<u>873,936</u>	(5%)
Impact of currency on revenue	7,685		
Comparable revenue	<u>\$ 842,223</u>	<u>\$ 873,936</u>	(4%)

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

	Three months ended March 31,							
	2023			2022			% change	
	Adjusted Segment EBIT ⁽¹⁾	D&A	Adjusted Segment EBITDA	Adjusted Segment EBIT ⁽¹⁾	D&A	Adjusted Segment EBITDA	Adjusted Segment EBIT	Adjusted Segment EBITDA
Global Ecommerce	\$ (34,206)	\$ 16,414	\$ (17,792)	\$ (13,696)	\$ 21,444	\$ 7,748	>(100%)	>(100%)
Presort Services	26,905	8,523	35,428	19,632	6,418	26,050	37%	36%
Sending Technology Solutions	96,671	7,467	104,138	104,575	7,003	111,578	(8%)	(7%)
	<u>\$ 89,370</u>	<u>\$ 32,404</u>	<u>121,774</u>	<u>\$ 110,511</u>	<u>\$ 34,865</u>	<u>145,376</u>	<u>(19%)</u>	<u>(16%)</u>

Reconciliation of Segment Adjusted EBITDA to Net (Loss) Income:

Segment depreciation and amortization	(32,404)	(34,865)
Unallocated corporate expenses	(56,349)	(57,834)
Restructuring charges	(3,599)	(4,184)
Gain (loss) on debt redemption/refinancing	2,836	(4,993)
Proxy solicitation fees	(6,367)	-
Gain on sale of assets	-	14,372
Gain on sale of business	-	2,522
Transaction costs	-	(1,644)
Interest, net	(36,878)	(33,726)
Benefit (provision) for income taxes	3,250	(4,203)
Net (loss) income	<u>\$ (7,737)</u>	<u>\$ 20,821</u>

(1) Adjusted 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 March 31,	
	2023	2022
Reconciliation of reported net (loss) income to adjusted EBIT and adjusted EBITDA		
Net (loss) income	\$ (7,737)	\$ 20,821
(Benefit) provision for income taxes	(3,250)	4,203
(Loss) income before taxes	(10,987)	25,024
Restructuring charges	3,599	4,184
Proxy solicitation fees	6,367	-
(Gain) loss on debt redemption/refinancing	(2,836)	4,993
Gain on sale of assets	-	(14,372)
Gain on sale of business	-	(2,522)
Transaction costs	-	1,644
Adjusted net (loss) income before tax	(3,857)	18,951
Interest, net	36,878	33,726
Adjusted EBIT	33,021	52,677
Depreciation and amortization	39,897	42,002
Adjusted EBITDA	<u>\$ 72,918</u>	<u>\$ 94,679</u>
Reconciliation of reported diluted (loss) earnings per share to adjusted diluted (loss) earnings per share		
Diluted (loss) earnings per share	\$ (0.04)	\$ 0.12
Restructuring charges	0.01	0.02
(Gain) loss on debt redemption/refinancing	(0.01)	0.02
Proxy solicitation fees	0.03	-
Gain on sale of assets	-	(0.06)
Gain on sale of businesses	-	(0.02)
Transaction costs	-	0.01
Adjusted diluted (loss) earnings per share ⁽¹⁾	<u>\$ (0.01)</u>	<u>\$ 0.08</u>
Reconciliation of reported net cash from operating activities to free cash flow		
Net cash from operating activities	\$ (39,714)	\$ 10,562
Capital expenditures	(28,666)	(32,555)
Restructuring payments	4,641	3,285
Proxy solicitation fees paid	3,038	-
Transaction costs paid	-	2,132
Free cash flow	<u>\$ (60,701)</u>	<u>\$ (16,576)</u>

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