

Pitney Bowes Inc.

Consolidated Statements of Income (Loss)

(Unaudited; in thousands, except per share amounts)

	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
Revenue:				
Business services	\$ 666,983	\$ 467,192	\$ 2,191,306	\$ 1,710,801
Support services	119,972	123,609	473,292	506,187
Financing	80,276	88,051	341,034	368,090
Equipment sales	101,200	87,148	314,882	352,104
Supplies	41,165	45,026	159,282	187,287
Rentals	18,821	20,317	74,279	80,656
Total revenue	1,028,417	831,343	3,554,075	3,205,125
Costs and expenses:				
Cost of business services	592,137	386,086	1,904,078	1,389,569
Cost of support services	35,856	38,847	149,988	162,300
Financing interest expense	12,108	11,215	48,162	44,648
Cost of equipment sales	71,671	62,116	236,716	244,210
Cost of supplies	10,928	12,349	41,679	49,882
Cost of rentals	7,145	8,307	25,600	31,530
Selling, general and administrative	242,441	246,761	963,323	1,003,989
Research and development	9,546	12,837	38,384	51,258
Restructuring charges and asset impairments	8,207	12,990	20,712	69,606
Goodwill impairment	-	-	198,169	-
Interest expense, net	26,249	26,585	105,753	110,910
Other components of net pension and postretirement (income) expense	(1,834)	(1,087)	(1,708)	(4,225)
Other (income) expense	(1,636)	5,956	8,151	24,306
Total costs and expenses	1,012,818	822,962	3,739,007	3,177,983
Income (loss) from continuing operations before taxes	15,599	8,381	(184,932)	27,142
(Benefit) provision for income taxes	(813)	344	6,727	(13,007)
Income (loss) from continuing operations	16,412	8,037	(191,659)	40,149
Income from discontinued operations, net of tax	2,467	168,659	10,115	154,460
Net income (loss)	\$ 18,879	\$ 176,696	\$ (181,544)	\$ 194,609
Basic earnings (loss) per share (1):				
Continuing operations	\$ 0.10	\$ 0.05	\$ (1.12)	\$ 0.23
Discontinued operations	0.01	0.99	0.06	0.88
Net income (loss)	\$ 0.11	\$ 1.04	\$ (1.06)	\$ 1.10
Diluted earnings (loss) per share (1):				
Continuing operations	\$ 0.09	\$ 0.05	\$ (1.12)	\$ 0.23
Discontinued operations	0.01	0.98	0.06	0.87
Net income (loss)	\$ 0.11	\$ 1.03	\$ (1.06)	\$ 1.10
Weighted-average shares used in diluted earnings per share	176,835	171,659	171,519	177,449

(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)

<u>Assets</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets:		
Cash and cash equivalents	\$ 921,450	\$ 924,442
Short-term investments	18,974	115,879
Accounts and other receivables, net	389,240	373,471
Short-term finance receivables, net	568,050	629,643
Inventories	65,845	68,251
Current income taxes	23,219	5,565
Other current assets and prepayments	120,145	101,601
Assets of discontinued operations	-	17,229
Total current assets	<u>2,106,923</u>	<u>2,236,081</u>
Property, plant and equipment, net	391,280	376,177
Rental property and equipment, net	38,435	41,225
Long-term finance receivables, net	605,292	625,487
Goodwill	1,152,285	1,324,179
Intangible assets, net	159,839	190,640
Operating lease assets	201,916	200,752
Noncurrent income taxes	72,653	71,903
Other assets	489,201	400,456
Total assets	<u>\$ 5,217,824</u>	<u>\$ 5,466,900</u>
<u>Liabilities and stockholders' equity</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 878,303	\$ 793,690
Customer deposits at Pitney Bowes Bank	617,200	591,118
Current operating lease liabilities	39,182	36,060
Current portion of long-term debt	216,032	20,108
Advance billings	114,550	101,920
Current income taxes	2,880	17,083
Liabilities of discontinued operations	-	9,713
Total current liabilities	<u>1,868,147</u>	<u>1,569,692</u>
Long-term debt	2,348,361	2,719,614
Deferred taxes on income	279,451	274,435
Tax uncertainties and other income tax liabilities	38,163	38,834
Noncurrent operating lease liabilities	180,292	177,711
Other noncurrent liabilities	437,015	400,518
Total liabilities	<u>5,151,429</u>	<u>5,180,804</u>
Stockholders' equity:		
Common stock	323,338	323,338
Additional paid-in-capital	68,502	98,748
Retained earnings	5,201,195	5,438,930
Accumulated other comprehensive loss	(839,131)	(840,143)
Treasury stock, at cost	(4,687,509)	(4,734,777)
Total stockholders' equity	<u>66,395</u>	<u>286,096</u>
Total liabilities and stockholders' equity	<u>\$ 5,217,824</u>	<u>\$ 5,466,900</u>

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

	Three months ended December 31,			Twelve months ended December 31,		
	2020	2019	% Change	2020	2019	% Change
Global Ecommerce	\$ 518,140	\$ 323,942	60%	\$ 1,618,897	\$ 1,151,510	41%
Presort Services	134,660	135,120	-	521,212	529,588	(2%)
Commerce Services	652,800	459,062	42%	2,140,109	1,681,098	27%
Sending Technology Solutions	375,617	372,281	1%	1,413,966	1,524,027	(7%)
Total revenue - GAAP	1,028,417	831,343	24%	3,554,075	3,205,125	11%
Currency impact on revenue	(3,980)	-		(1,467)	-	
Revenue, at constant currency	<u>\$ 1,024,437</u>	<u>\$ 831,343</u>	<u>23%</u>	<u>\$ 3,552,608</u>	<u>\$ 3,205,125</u>	<u>11%</u>

Pitney Bowes Inc.
Business Segment EBIT & EBITDA

(Unaudited; in thousands)

	Three months ended December 31,								
	2020			2019			% change		
	EBIT (1)	D&A	EBITDA	EBIT (1)	D&A	EBITDA	EBIT	EBITDA	
Global Ecommerce	\$ (14,768)	\$ 17,490	\$ 2,722	\$ (18,177)	\$ 17,687	\$ (490)	19%	>100%	
Presort Services	13,041	8,107	21,148	22,478	7,765	30,243	(42%)	(30%)	
Commerce Services	(1,727)	25,597	23,870	4,301	25,452	29,753	>(100%)	(20%)	
Sending Technology Solutions	117,656	8,545	126,201	112,227	9,411	121,638	5%	4%	
Segment total	<u>\$ 115,929</u>	<u>\$ 34,142</u>	<u>150,071</u>	<u>\$ 116,528</u>	<u>\$ 34,863</u>	<u>151,391</u>	<u>(1%)</u>	<u>(1%)</u>	

Reconciliation of Segment EBITDA to Net Income:

Segment depreciation and amortization	(34,142)	(34,863)
Interest, net	(38,357)	(37,800)
Unallocated corporate expenses (2)	(53,766)	(51,246)
Restructuring charges and asset impairments	(8,207)	(12,990)
Loss on debt extinguishment	-	(5,956)
Transaction costs	-	(155)
Benefit (provision) for income taxes	813	(344)
Income from continuing operations	16,412	8,037
Income from discontinued operations, net of tax	2,467	168,659
Net income	<u>\$ 18,879</u>	<u>\$ 176,696</u>

	Twelve months ended December 31,								
	2020			2019			% change		
	EBIT (1)	D&A	EBITDA	EBIT (1)	D&A	EBITDA	EBIT	EBITDA	
Global Ecommerce	\$ (82,894)	\$ 69,676	\$ (13,218)	\$ (70,146)	\$ 68,385	\$ (1,761)	(18%)	>(100%)	
Presort Services	55,799	31,769	87,568	70,693	29,440	100,133	(21%)	(13%)	
Commerce Services	(27,095)	101,445	74,350	547	97,825	98,372	>(100%)	(24%)	
Sending Technology Solutions	441,085	34,316	475,401	490,322	39,758	530,080	(10%)	(10%)	
Segment Total	<u>\$ 413,990</u>	<u>\$ 135,761</u>	<u>549,751</u>	<u>\$ 490,869</u>	<u>\$ 137,583</u>	<u>628,452</u>	<u>(16%)</u>	<u>(13%)</u>	

Reconciliation of Segment EBITDA to Net (Loss) Income:

Segment depreciation and amortization	(135,761)	(137,583)
Interest, net	(153,915)	(155,558)
Unallocated corporate expenses (2)	(200,406)	(211,529)
Restructuring charges and asset impairments	(20,712)	(69,606)
Goodwill impairment	(198,169)	-
Gain on sale of equity investment	11,908	-
Loss on debt extinguishment	(36,987)	(6,623)
Loss on dispositions and transaction costs	(641)	(20,411)
(Provision) benefit for income taxes	(6,727)	13,007
(Loss) income from continuing operations	(191,659)	40,149
Income from discontinued operations, net of tax	10,115	154,460
Net (loss) income	<u>\$ (181,544)</u>	<u>\$ 194,609</u>

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

(2) Includes corporate depreciation and amortization expense of \$6,080 and \$5,765 for the three months ended December 31, 2020 and 2019, respectively and \$24,864 and \$21,559 for the twelve months ended December 31, 2020 and 2019, respectively.

Pitney Bowes Inc.

Reconciliation of Reported Consolidated Results to Adjusted Results

(Unaudited; in thousands, except per share amounts)

	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2020	2019	2020	2019
Reconciliation of reported net income (loss) to adjusted net income, adjusted EBIT and adjusted EBITDA				
Net income (loss)	\$ 18,879	\$ 176,696	\$ (181,544)	\$ 194,609
Income from discontinued operations, net of tax	(2,467)	(168,659)	(10,115)	(154,460)
Restructuring charges and asset impairments	7,148	10,719	15,641	52,427
Goodwill impairment	-	-	196,600	-
Gain on sale of equity investment	-	-	(8,943)	-
Tax on surrender of company owned life insurance policies	-	-	12,229	-
Loss on debt extinguishment	-	4,464	27,777	4,961
Loss on dispositions and transaction costs	-	999	487	22,313
Adjusted net income	23,560	24,219	52,132	119,850
Interest, net	38,357	37,800	153,915	155,558
Provision for income taxes, as adjusted	246	3,264	7,537	3,933
Adjusted EBIT	62,163	65,283	213,584	279,341
Depreciation and amortization	40,222	40,628	160,625	159,142
Adjusted EBITDA	\$ 102,385	\$ 105,911	\$ 374,209	\$ 438,483

Reconciliation of reported diluted earnings (loss) per share to adjusted diluted earnings per share				
Diluted earnings (loss) per share	\$ 0.11	\$ 1.03	\$ (1.06)	\$ 1.10
Diluted earnings per share - discontinued operations	(0.01)	(0.98)	(0.06)	(0.87)
Restructuring charges and asset impairments	0.04	0.06	0.09	0.30
Goodwill impairment	-	-	1.13	-
Gain on sale of equity investment	-	-	(0.05)	-
Tax on settlement of investment securities	-	-	0.07	-
Loss on debt extinguishment	-	0.03	0.16	0.03
Loss on dispositions and transaction costs	-	0.01	-	0.13
Adjusted diluted earnings per share	\$ 0.13	\$ 0.14	\$ 0.30	\$ 0.68

Note: 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 provided by operating activities	\$ 110,777	\$ 84,479	\$ 297,887	\$ 271,961
Net cash (provided by) used in operating activities - discontinued operations	(511)	6,587	37,912	(9,272)
Capital expenditures	(24,201)	(42,032)	(104,988)	(137,253)
Restructuring payments	4,145	8,303	20,014	27,148
Change in customer deposits at PB Bank	6,618	13,216	26,082	16,341
Transaction costs paid	-	10,463	2,117	19,488
Free cash flow	\$ 96,828	\$ 81,016	\$ 279,024	\$ 188,413