

Pitney Bowes Inc.

Consolidated Statements of Operations

(Unaudited; in thousands, except per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Revenue:				
Business services	\$ 473,497	\$ 551,478	\$ 996,988	\$ 1,148,862
Support services	103,315	107,625	208,599	217,977
Financing	66,702	67,298	133,751	139,327
Equipment sales	79,451	89,986	162,061	179,282
Supplies	36,505	38,245	75,340	79,306
Rentals	17,011	16,863	34,280	33,683
Total revenue	<u>776,481</u>	<u>871,495</u>	<u>1,611,019</u>	<u>1,798,437</u>
Costs and expenses:				
Cost of business services	410,638	477,544	856,955	980,759
Cost of support services	35,018	37,711	71,858	74,845
Financing interest expense	14,763	12,533	29,299	24,135
Cost of equipment sales	56,180	63,815	113,351	127,586
Cost of supplies	10,884	11,028	22,109	22,545
Cost of rentals	5,142	7,473	10,570	12,782
Selling, general and administrative	222,549	226,638	464,669	469,423
Research and development	10,274	11,254	20,767	22,588
Restructuring charges	22,443	4,224	26,042	8,408
Goodwill impairment	118,599	-	118,599	-
Interest expense, net	22,920	21,007	45,262	43,131
Other components of net pension and postretirement (income) cost	(1,751)	958	(3,461)	1,802
Other income, net	(228)	-	(3,064)	(11,901)
Total costs and expenses	<u>927,431</u>	<u>874,185</u>	<u>1,772,956</u>	<u>1,776,103</u>
(Loss) income before taxes	(150,950)	(2,690)	(161,937)	22,334
Benefit for income taxes	(9,415)	(7,026)	(12,665)	(2,823)
Net (loss) income	<u>\$ (141,535)</u>	<u>\$ 4,336</u>	<u>\$ (149,272)</u>	<u>\$ 25,157</u>
(Loss) earnings per share:				
Basic	<u>\$ (0.81)</u>	<u>\$ 0.02</u>	<u>\$ (0.85)</u>	<u>\$ 0.14</u>
Diluted	<u>\$ (0.81)</u>	<u>\$ 0.02</u>	<u>\$ (0.85)</u>	<u>\$ 0.14</u>
Weighted-average shares used in diluted earnings per share	<u>175,695</u>	<u>176,969</u>	<u>175,094</u>	<u>177,673</u>

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

Assets	June 30, 2023	December 31, 2022
Current assets:		
Cash and cash equivalents	\$ 541,704	\$ 669,981
Short-term investments	18,972	11,172
Accounts and other receivables, net	272,963	343,557
Short-term finance receivables, net	559,979	564,972
Inventories	92,783	83,720
Current income taxes	11,159	8,790
Other current assets and prepayments	117,132	115,824
Total current assets	1,614,692	1,798,016
Property, plant and equipment, net	401,905	420,672
Rental property and equipment, net	25,936	27,487
Long-term finance receivables, net	640,097	627,124
Goodwill	952,302	1,066,951
Intangible assets, net	70,062	77,944
Operating lease assets	284,783	296,129
Noncurrent income taxes	44,859	46,613
Other assets	388,728	380,419
Total assets	<u>\$ 4,423,364</u>	<u>\$ 4,741,355</u>
Liabilities and stockholders' (deficit) equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 812,474	\$ 907,083
Customer deposits at Pitney Bowes Bank	639,425	628,072
Current operating lease liabilities	53,984	52,576
Current portion of long-term debt	264,980	32,764
Advance billings	82,828	105,207
Current income taxes	2,929	2,101
Total current liabilities	1,856,620	1,727,803
Long-term debt	1,884,798	2,172,502
Deferred taxes on income	236,859	263,131
Tax uncertainties and other income tax liabilities	24,745	23,841
Noncurrent operating lease liabilities	254,051	265,696
Other noncurrent liabilities	241,778	227,729
Total liabilities	<u>4,498,851</u>	<u>4,680,702</u>
Stockholders' (deficit) equity:		
Common stock	323,338	323,338
Retained earnings	4,908,641	5,125,677
Accumulated other comprehensive loss	(807,993)	(835,564)
Treasury stock, at cost	(4,499,473)	(4,552,798)
Total stockholders' (deficit) equity	<u>(75,487)</u>	<u>60,653</u>
Total liabilities and stockholders' (deficit) equity	<u>\$ 4,423,364</u>	<u>\$ 4,741,355</u>

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

	Three months ended June 30,			Six months ended June 30,		
	2023	2022	% Change	2023	2022	% Change
Global Ecommerce						
Revenue, as reported	\$ 312,754	\$ 393,770	(21%)	\$ 661,145	\$ 812,297	(19%)
Impact of change in revenue presentation		(37,790)			(75,376)	
Impact of Borderfree divestiture		(10,820)			(22,550)	
Comparable revenue before currency	312,754	345,160	(9%)	661,145	714,371	(7%)
Impact of currency on revenue	437			3,278		
Comparable revenue	\$ 313,191	\$ 345,160	(9%)	\$ 664,423	\$ 714,371	(7%)
Presort Services						
Revenue, as reported	\$ 143,107	\$ 138,934	3%	\$ 302,009	\$ 299,478	1%
Sending Technology Solutions						
Revenue, as reported	\$ 320,620	\$ 338,791	(5%)	\$ 647,865	\$ 686,662	(6%)
Impact of change in revenue presentation		(4,853)			(8,543)	
Comparable revenue before currency	320,620	333,938	(4%)	647,865	678,119	(4%)
Impact of currency on revenue	725			5,569		
Comparable revenue	\$ 321,345	\$ 333,938	(4%)	\$ 653,434	\$ 678,119	(4%)
Consolidated						
Revenue, as reported	\$ 776,481	\$ 871,495	(11%)	\$ 1,611,019	\$ 1,798,437	(10%)
Impact of change in revenue presentation		(42,643)			(83,919)	
Impact of Borderfree divestiture		(10,820)			(22,550)	
Comparable revenue before currency	776,481	818,032	(5%)	1,611,019	1,691,968	(5%)
Impact of currency on revenue	1,162			8,847		
Comparable revenue	\$ 777,643	\$ 818,032	(5%)	\$ 1,619,866	\$ 1,691,968	(4%)

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

	Three months ended June 30,							
	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	\$ (38,115)	\$ 16,620	\$ (21,495)	\$ (28,825)	\$ 21,480	\$ (7,345)	(32%)	>(100%)
Presort Services	20,429	8,337	28,766	12,851	7,000	19,851	59%	45%
Sending Technology Solutions	97,480	7,383	104,863	95,565	7,908	103,473	2%	1%
Segment total	<u>\$ 79,794</u>	<u>\$ 32,340</u>	<u>112,134</u>	<u>\$ 79,591</u>	<u>\$ 36,388</u>	<u>115,979</u>	<u>0%</u>	<u>(3%)</u>

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

Segment depreciation and amortization	(32,340)	(36,388)
Unallocated corporate expenses	(47,709)	(40,761)
Restructuring charges	(22,443)	(4,224)
Goodwill impairment	(118,599)	-
Gain on debt redemption	228	-
Proxy solicitation fees	(4,538)	-
Loss on sale of business, including transaction costs	-	(3,756)
Interest, net	(37,683)	(33,540)
Benefit for income taxes	9,415	7,026
Net (loss) income	<u>\$ (141,535)</u>	<u>\$ 4,336</u>

	Six months ended June 30,							
	2023			2022			% change	
	EBIT (1)	D&A	EBITDA	EBIT (1)	D&A	EBITDA	EBIT	EBITDA
Global Ecommerce	\$ (72,321)	\$ 33,034	\$ (39,287)	\$ (42,521)	\$ 42,924	\$ 403	(70%)	>(100%)
Presort Services	47,334	16,859	64,193	32,483	13,419	45,902	46%	40%
Sending Technology Solutions	194,151	14,850	209,001	200,140	14,911	215,051	(3%)	(3%)
Segment total	<u>\$ 169,164</u>	<u>\$ 64,743</u>	<u>233,907</u>	<u>\$ 190,102</u>	<u>\$ 71,254</u>	<u>261,356</u>	<u>(11%)</u>	<u>(11%)</u>

Reconciliation of Segment EBITDA to Net (Loss) Income:

Segment depreciation and amortization	(64,743)	(71,254)
Unallocated corporate expenses	(104,058)	(98,595)
Restructuring charges	(26,042)	(8,408)
Goodwill impairment	(118,599)	-
Gain (loss) on debt redemption	3,064	(4,993)
Proxy solicitation fees	(10,905)	-
Gain on sale of assets	-	14,372
Loss on sale of business, including transaction costs	-	(2,878)
Interest, net	(74,561)	(67,266)
Benefit for income taxes	12,665	2,823
Net (loss) income	<u>\$ (149,272)</u>	<u>\$ 25,157</u>

(1) Adjusted segment EBIT excludes interest, taxes, general corporate expenses, restructuring charges, goodwill impairment, 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 June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Reconciliation of reported net (loss) income to adjusted EBIT and adjusted EBITDA				
Net (loss) income	\$ (141,535)	\$ 4,336	\$ (149,272)	\$ 25,157
Benefit for income taxes	(9,415)	(7,026)	(12,665)	(2,823)
(Loss) income before taxes	(150,950)	(2,690)	(161,937)	22,334
Restructuring charges	22,443	4,224	26,042	8,408
Goodwill impairment	118,599	-	118,599	-
(Gain) loss on debt redemption	(228)	-	(3,064)	4,993
Proxy solicitation fees	4,538	-	10,905	-
Gain on sale of assets	-	-	-	(14,372)
Loss on sale of business, including transaction costs	-	3,756	-	2,878
Adjusted net (loss) income before tax	(5,598)	5,290	(9,455)	24,241
Interest, net	37,683	33,540	74,561	67,266
Adjusted EBIT	32,085	38,830	65,106	91,507
Depreciation and amortization	39,873	43,470	79,770	85,472
Adjusted EBITDA	\$ 71,958	\$ 82,300	\$ 144,876	\$ 176,979

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

Diluted (loss) earnings per share	\$ (0.81)	\$ 0.02	\$ (0.85)	\$ 0.14
Restructuring charges	0.09	0.02	0.11	0.03
Goodwill impairment	0.67	-	0.67	-
(Gain) loss on debt redemption	(0.00)	-	(0.01)	0.02
Proxy solicitation fees	0.02	-	0.05	-
Gain on sale of assets	-	-	-	(0.06)
Loss on sale of business, including transaction costs	-	0.02	-	0.00
Tax benefit on sale of business	-	(0.03)	-	(0.03)
Adjusted diluted (loss) earnings per share ⁽¹⁾	\$ (0.02)	\$ 0.02	\$ (0.04)	\$ 0.10

⁽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	\$ (44)	\$ 35,132	\$ (39,758)	\$ 45,694
Capital expenditures	(25,980)	(31,619)	(54,646)	(64,174)
Restructuring payments	8,242	4,970	12,883	8,255
Proxy solicitation fees paid	7,244	-	10,282	-
Transaction costs paid	-	-	-	2,132
Free cash flow	\$ (10,538)	\$ 8,483	\$ (71,239)	\$ (8,093)