

# Pitney Bowes Third Quarter 2023 Earnings

November 2, 2023

## Forward Looking Statements

This document contains "forward-looking statements" about the Company's expected or potential future business and financial performance. Forward-looking statements include, but are not limited to, statements about future revenue and earnings guidance and future events or conditions. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that could cause actual results to differ materially from those projected. Factors which could cause future financial performance to differ materially from expectations include, without limitation, declining physical mail volumes; changes in postal regulations or the operations and financial health of posts in the U.S. or other major markets or changes to the broader postal or shipping markets; our ability to continue to grow and manage unexpected fluctuations in volumes, gain additional economies of scale and improve profitability within our Global Ecommerce segment; the loss of some of our larger clients in our Global Ecommerce and Presort Services segments; the loss of, or significant changes to, United States Postal Service (USPS) commercial programs, or our contractual relationships with the USPS or their performance under those contracts; the impacts on our cost of debt due to recent increases in interest rates and the potential for future interest rate hikes; and other factors as more fully outlined in the Company's 2022 Form 10-K Annual Report and other reports filed with the Securities and Exchange Commission during 2023. Pitney Bowes assumes no obligation to update any forward-looking statements contained in this document as a result of new information, events or developments.

#### Use of Non-GAAP Measures

Our financial results are reported in accordance with generally accepted accounting principles (GAAP). We also disclose certain non-GAAP measures, such as adjusted earnings before interest and taxes (Adjusted EBIT), adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA), adjusted earnings per share (Adjusted EPS), revenue growth on a comparable basis and free cash flow.

Adjusted EBIT, Adjusted EBITDA and Adjusted EPS exclude the impact of restructuring charges, goodwill impairment, gains, losses and costs related to the sale of assets, acquisitions and dispositions, losses on debt redemptions and refinancings and other unusual items. Management believes that these non-GAAP measures provide investors greater insight into the underlying operating trends of the business.

We disclose revenue growth on a comparable basis, which excludes three items. First, the comparison excludes the impacts of foreign currency. Second, we are excluding the impact of the divestiture of the Borderfree business effective July 1, 2022. Third, we are excluding the impact of a change in the presentation of revenue beginning in the fourth quarter of 2022, from a gross basis to net basis due to an adjustment in terms of one of our contracts with the United States Postal Service. The change in revenue presentation impacts both our Global Ecommerce and SendTech Solutions segments. The change in revenue presentation does not impact gross profit.

Management believes that excluding these items provides investors with a better understanding of the underlying revenue performance.

#### Use of Non-GAAP Measures

Free cash flow adjusts cash flow from operations calculated in accordance with GAAP for capital expenditures, restructuring payments and other special items. Management believes free cash flow provides investors better insight into the amount of cash available for other discretionary uses.

Adjusted Segment EBIT is the primary measure of profitability and operational performance at the segment level and is determined by deducting from segment revenue the related costs and expenses attributable to the segment. Adjusted Segment EBIT excludes interest, taxes, unallocated corporate expenses, restructuring charges, goodwill impairment, and other items not allocated to a business segment. The Company also reports Adjusted Segment EBITDA as an additional useful measure of segment profitability and operational performance.

Complete reconciliations of non-GAAP measures to comparable GAAP measures can be found in the attached financial schedules and at the Company's web site at www.pb.com/investorrelations.

"Our SendTech and Presort segments both delivered profit growth and margin expansion during the quarter, reflecting success in our growth strategies and productivity initiatives, as well as resilience in challenging economic conditions. We are ahead of schedule on delivering the savings associated with our previously announced restructuring plan. Building on this momentum, we have identified additional actions and are increasing our 2024 annualized cost savings under this program by an additional \$40 million. This brings the total to approximately \$115 million inclusive of restructuring and other productivity actions. Global Ecommerce did not meet financial expectations, and we are taking meaningful actions to enable this valuable segment to realize its potential. As we look ahead to next quarter and beyond, our teams will leave no stone unturned while working to identify near-term initiatives and long-term steps that can drive enhanced value for our stockholders and other stakeholders."

Jason DiesInterim CEO

# Third Quarter 2023 Results

### Third Quarter 2023 – Overview<sup>(1)</sup>

- ☐ Revenue in the quarter was \$784 million
  - Decrease of 6% on a reported basis and 1% on a comparable basis versus prior year <sup>(1)</sup>
- ☐ GAAP EPS was a loss of \$0.07 in the quarter versus GAAP EPS of \$0.03 in third quarter 2022; Adjusted EPS was \$0.00 and flat versus prior year
- ☐ GAAP cash from operating activities was \$25 million in the quarter and Free Cash Flow was \$15 million
  - Both improved in the quarter compared to the prior year period
- ☐ Used the net proceeds from \$275 million private placement offering in July 2023 to redeem the remaining balance of 2024 notes and \$30 million of the Term Loan A

### Third Quarter 2023 – Results vs Prior Year<sup>(1)</sup>

*\$ millions* 

**6% Y/Y Decline** (1% Y/Y Change on comparable basis)

#### Gross Profit Margin

Q3 2023 = 33.2% Q3 2022 = 31.8%

# SG&A as % of Revenue

Q3 2023 = 26.7% Q3 2022 = 25.9%

# R&D as a % of Revenue

Q3 2023 = 1.3% Q3 2022 = 1.2%

#### **Adj EBIT Margin**

Q3 2023 = 5.5% Q3 2022 = 4.6%



<sup>(1)</sup> A reconciliation of GAAP to Adjusted results for current and prior period can be found in the appendix of this presentation

### Third Quarter 2023 - SendTech

SendTech Solutions offers physical and digital mailing and shipping technology solutions, financing, services, supplies and other applications for clients of all sizes to help simplify and save on the sending, tracking and receiving of letters, parcels and flats

(\$ millions)	Q3 2023	Q3 2022	% Change Reported	% Change Comparable Basis
Revenue	\$318	\$332	(4%)	(3%)
Adjusted Segment EBITDA	\$105	\$102	3%	
Adjusted Segment EBIT	\$98	\$95	3%	

We are in a stage of our product lifecycle where we will have fewer new lease opportunities, which we expect to be generally offset by an increase in fixed term lease extensions. From a financial perspective, this shift results in lower equipment sales partially offset by higher margin financing revenue spread over the lease term. Support service revenue declined in line with the mail market and as a result of exiting certain unprofitable contracts to service equipment of third parties. Shipping-related revenue grew 6 percent year over year, partially offsetting the decline in mail related revenue, and now accounts for 12 percent of segment revenue.

Simplification and cost reduction actions more than offset the revenue decline and resulted in Adjusted Segment EBIT improvement.

#### Third Quarter 2023 – Presort

Presort Services provides sortation services that enable clients to qualify for USPS workshare discounts in First Class Mail, Marketing Mail, Marketing Mail Flats and Bound Printed Matter

(\$ millions)	Q3 2023	Q3 2022	% Change Reported
Revenue	\$152	\$145	5%
Adjusted Segment EBITDA	\$37	\$28	35%
Adjusted Segment EBIT	\$29	\$21	42%

New sales and higher revenue per piece more than offset organic mail decline, driving segment revenue growth. Growth in higher yielding mail classes contributed to increased revenue per piece.

Adjusted Segment EBIT growth was driven by higher revenue, improved labor productivity from increased automation and process improvements, and lower unit transportation costs from select route insourcing.

#### Third Quarter 2023 – Global Ecommerce

Global Ecommerce provides business to consumer logistics services for domestic and cross-border delivery, returns and fulfillment

(\$ millions)	Q3 2023	Q3 2022	% Change Reported	% Change Comparable Basis
Revenue	\$313	\$354	(12%)	(1%)
Adjusted Segment EBITDA	(\$25)	(\$17)	(47%)	
Adjusted Segment EBIT	(\$42)	(\$35)	(20%)	

Global Ecommerce processed 51 million domestic parcels in the quarter, which is up 38 percent from third quarter 2022. Domestic parcel revenue growth of 29 percent versus prior year, was more than offset by a loss in revenue from cross-border as that offering resets from the previously announced change in two client relationships. Cross-border revenue stabilized in the quarter versus second quarter 2023.

The decline in Adjusted Segment EBIT was primarily a result of lower cross-border revenue, market pressures on domestic parcel revenue per piece, and incremental costs related to network consolidation efforts. Lower operating expenses partially offset the decline.

### **Debt Profile**

#### **Debt Composition at 9/30/2023** (\$ Billions)

Total Debt	\$ 2.16
- Implied Financing Related Debt <sup>(1)</sup>	- 1.08
Implied Operating Company Debt	\$ 1.08
- Cash & S/T Investments	- 0.58
Implied Net Debt	\$ 0.50

#### **Capital Structure** (\$ Millions)

	Interest Rate	9/30/2023(2)	12/31/2022
Cash & S/T Investments		\$ 579.4	\$681.2
Revolver - (\$500mm)		-	0.0
Term Loan A due March 2026	SOFR + 2.25%	297.5	351.5
Notes due March 2028	SOFR + 6.90%	275.0	0.0
Term Loan B due March 2028	SOFR + 4.00%	438.8	442.1
Subtotal: Secured Debt		\$1,011.3	793.6
Notes due March 2024	4.625%	-	236.7
Notes due March 2027	6.875%	380.0	396.8
Notes due March 2029	7.25%	350.0	350.0
Notes due January 2037	5.25%	35.8	35.8
Notes due March 2043	6.70%	425.0	425.0
Other debt		1.5	2.4
Subtotal: Unsecured Debt		\$1,192.3	\$1,446.8
Principal Debt		\$2,203.6	\$2,240.4
Net Debt		\$1,624.1	\$1,559.3

#### Manageable debt profile

<sup>(1)</sup> Total Finance Receivables at 8:1 debt:equity ratio

<sup>(2)</sup> Excludes \$45 million and \$35 million of unamortized costs, net as of 9/30/2023 and 12/31/2022, respectively

# Full Year 2023 Expectations

#### Full Year 2023 Guidance

Given our Global Ecommerce segment's year-to-date performance and continued market headwinds, we now expect the Company's:

- Full-year revenue to decline between 3% and 4% on a comparable basis
- Full-year adjusted EBIT margins to remain relatively flat versus the prior year

# Appendix

## Consolidated Statements of Operations (Unaudited; in thousands, except per share amounts)

	Three months ended September 30,		30,	Nine months ended So			September 30,		
	202	23	20	22	2	023	2	2022	
Revenue:									
Business services	\$	483,987	\$	518,405	\$	1,480,975	\$	1,667,267	
Support services		101,855		107,642		310,454		325,619	
Financing		68,572		67,757		202,323		207,084	
Equipment sales		76,705		83,528		238,766		262,810	
Supplies		35,695		37,455		111,035		116,761	
Rentals		16,937		16,127		51,217		49,810	
Total revenue		783,751		830,914		2,394,770		2,629,351	
Costs and expenses:									
Cost of business services		419,859		452,715		1,276,814		1,433,474	
Cost of support services		35,589		36,618		107,447		111,463	
Financing interest expense		16,813		13,692		46,112		37,827	
Cost of equipment sales		52,952		60,595		166,303		188,181	
Cost of supplies		10,498		10,529		32,607		33,074	
Cost of rentals		4,289		6,270		14,859		19,052	
Selling, general and administrative		209,416		209,576		674,085		678,999	
Research and development		10,362		9,812		31,129		32,400	
Restructuring charges and asset impairments		16,578		4,264		42,620		12,672	
Goodwill impairment		-		-		118,599		-	
Interest expense, net		26,782		23,685		72,044		66,816	
Other components of net pension and postretirement (income) cost		(2,683)		1,427		(6,144)		3,229	
Other income, net		-		(8,398)		(3,064)		(20,299)	
Total costs and expenses		800,455		820,785		2,573,411		2,596,888	
(Loss) income before taxes		(16,704)		10,129		(178,641)		32,463	
(Benefit) provision for income taxes		(4,185)		4,642		(16,850)		1,819	
Net (loss) income	\$	(12,519)	\$	5,487	\$	(161,791)	\$	30,644	
(Loss) earnings per share:									
Basic	\$	(0.07)	\$	0.03	\$	(0.92)	\$	0.18	
Diluted	\$	(0.07)	\$	0.03	\$	(0.92)	\$	0.17	
Weighted-average shares used in diluted earnings per share		176,099		176,966		175,428		177,418	

#### **Consolidated Balance Sheets**

(Unaudited; in thousands)

Care tassets	<u>Assets</u>	September 30, 2023	December 31, 2022
Short-term investments         21,732         31,172           Accounts and other receivables, net         550,152         564,972           Short-term finance receivables, net         550,152         564,972           Inventories         63,781         8,270           Current income taxes         16,952         8,780           Current assels         1,617,654         1,786,016           Property, plant and equipment, net         9,617,000         4,622           Property, plant and equipment, net         4,622         2,672,124           Conditions         4,622         2,672,124           Conditions         945,418         1,686,102           Interplace assets         661,121         77,944           Operating leas assets, net         661,121         77,944           Operating leas assets         309,995         256,122           Noncurent income taxes         370,716         380,413           Other assets         370,716         380,413           Total assets         8,702,70         5,737         46,813           Other assets         8,702,70         5,703         6,813           Current performent taxes         8,202         2,202         6,202,72           Current performent taxe		¢ 557.606	¢ 660.081
Accounts and other receivables, net         58,575         58,575         58,575         58,575         58,575         58,152         58,375         18,375         18,377         18,377         18,377         18,377         18,377         18,377         18,377         18,377         18,377         18,377         18,377         19,189         1,378	·		
Short-tem finance receivables, net Inventorias         550,152         564,972           Inventorias         83,781         83,720           Current income taxes         6,392         8,780           Ordia current assets on prepayments         109,189         115,824           Total current assets         391,649         420,672           Rental property and equipment, net         24,652         27,437           Rondal property and equipment, net         644,251         667,124           Goodwill         945,418         1,066,961           Intangible assets, net         66,111         77,944           Operating lease assets         309,995         296,129           Other assets         370,716         380,419           Other assets         370,716         380,419           Other assets         793,609         90,083           Current properties and stockholders' (deficit) equity         \$73,000         \$9,000           Current properties and stockholders' (deficit) equity         \$8,200         \$2,576           Current proporties and stockholders' (deficit) equity         \$9,000         \$2,576           Current proporties ale fabilities         \$2,20         \$2,576           Current porties (passe labilities         \$2,000         \$2,172			
Registry   Registry			
Current income taxes         6,932         8,790           Other current assets and prepayments         109,189         115,824           Total current assets         1,617,534         1,799,016           Property, plant and equipment, net         231,632         27,487           Rental property and equipment, net         641,251         667,124           Cong-term finance receivables, net         661,121         77,444           Codwill         945,418         1,066,951           Intangible assets, net         661,111         77,944           Operating lease assets         55,378         66,129           Noncurrent income taxes         55,378         66,612           Other assets         370,716         380,419           Ottal assets         \$793,009         \$90,018           Current liabilities         \$793,009         \$90,008           Accounts payable and accrued liabilities         \$793,009         \$90,008           Current operating lease liabilities         \$793,009         \$90,008           Current operating lease liabilities         \$8,272         \$2,576           Current operating lease liabilities         \$1,640,526         \$1,727,803           Current operating lease liabilities         \$1,640,526         \$1,727,803			
Other current assets and prepayments         19,18,24         1,15,24           Total current assets         1,617,534         1,78,016           Proporty, plant and equipment, net         391,649         420,672           Rental property and equipment, net         641,251         627,124           Long-term finance receivables, net         661,111         77,944           Long-term finance receivables, net         66,111         77,944           Operating lease assets         309,995         296,129           Intrapible assets, net         66,111         77,944           Operating lease assets         309,995         296,129           Noncurrent income taxes         55,378         46,613           Other assets         370,716         380,419           Total assets         \$793,609         \$907,083           Clurent assets obscholders' (deficit) equity         \$793,609         \$907,083           Current assets and properties and corrue disbilities         \$793,609         \$907,083           Current portion of long-term debt         \$6,533         32,744           Current portion of long-term debt         \$6,533         32,744           Long-term fuebt         \$1,640,526         1,272,803           Long-term fuebt         2,101,595 <t< td=""><td></td><td></td><td></td></t<>			
Total current assets			
Property, plant and equipment, net         391.649         420.672           Long-term finance receivables, net         641.251         627.124           Long-term finance receivables, net         641.251         627.124           Goodwill         945.418         1,066.951           Intangible assets, net         66.111         77.944           Operating lease assets         309.995         296.129           Noncurrent income taxes         55.378         46.613           Other assets         370.776         350.419           Other assets         370.776         350.419           Current formating terms and stockholders' (deficit) equity         \$793.609         \$907.083           Customer deposits at Pliney Bowes Bank         628.072         52.576           Customer deposits at Pliney Bowes Bank         628.072         52.576           Current operating lease liabilities         58,270         52.576           Current operating lease liabilities         56,533         32.764           Advance billings         1640.526         1.727.803           Current operating lease liabilities         1,640.526         1.727.803           Long-term debt         2,101.595         2,172.502           Current income taxes         2,136.6         32.341			
Rental property and equipment, net         24,652         27,487           Long-term finance receivables, net         661,251         627,124           Goodwill         945,418         1,066,951           Intangible assets, net         66,111         77,944           Operating lease assets         309,995         296,129           Noncurrent income texes         55,378         46,613           Other assets         370,716         380,419           Total assets         370,716         380,419           Total assets         793,609         \$ 970,083           Current labilities:         \$ 793,609         \$ 970,083           Current porting lease liabilities         \$ 87,799         \$ 105,207           Current porting lease liabilities         \$ 1,727,803         \$ 2,772           Current porting lease liabilities         \$ 2,727,202         \$ 2,72			
Long-term finance receivables, net         641.251         627.124           Goodwill         945.418         1,068.951           Intangible assets, net         66.111         77.944           Operating lease assets         309.995         296.129           Noncurrent income taxes         55.378         46.613           Other assets         370.716         380.419           Total assets         370.716         380.419           Liabilities and stockholders' (deficit) equity           Current liabilities         793.609         907.083           Accounts payable and accrued liabilities         793.609         907.083           Curst properating lease liabilities         642.566         628.072           Curst operating lease liabilities         55.373         32.764           Advance billings         1,640.526         1,727.803           Current income taxes         1,819         2,101           Total current liabilities         2,101.595         2,172.502           Deferred taxes on income         238.391         28.314           Tox uncertainties and other income tax liabilities         21.386         23.384           Noncurrent perating lease liabilities         27.920         265.905           <			
Goodwill Intangible assets, net (66.111 77.944)         7.945.618 66.111 77.944           Operating lease assets (7.975.000)         309.995 296.129           Noncurrent income taxes         55.378 309.995         296.129           Noncurrent income taxes         370.716 309.0419         300.419           Other assets         370.716 309.0419         300.419           Total assets         8 793.609         9.070.83           Liabilities and stockholders' (deficit) equity         8 793.609         9.070.83           Current liabilities         \$ 793.609         \$ 90.070.83           Current portion of long-term debt and accrued liabilities         642.556         628.072           Current portion of long-term debt and accrued liabilities         8 7.739         9 105.207           Current portion of long-term debt and accrued liabilities         1,840.52         1,72.780           Total current liabilities         1,840.52         1,72.780           Total current liabilities         1,840.52         1,72.780           Long-term debt and accrued liabilities         2,101.595         2,172.502           Log-term debt accruent liabilities         21,336         2,33,41           Total current liabilities         2,13.502         2,27.729           Obefrared taxes on income         21,336			
Operating lease assets         309,995         266,129           Noncurrent income taxes         55,578         46,613           Other assets         370,716         380,419           Total assets         \$4,422,704         \$4,741,355           Liabilities and stockholders' (deficit) equity           Current liabilities         \$793,609         \$97,083           Customer deposits at Pitney Bowes Bank         642,556         628,072           Current operating lease liabilities         58,270         52,576           Current portion of long-term debt         56,533         32,764           Advance billings         87,739         105,207           Current income taxes         1,840,526         1,727,803           Long-term debt         21,101         2,101           Total current liabilities         23,931         265,313           Tax uncertainties and other income tax liabilities         21,386         23,341           Noncurrent loperating lease liabilities         21,386         23,341           Total all districts         226,595         227,729           Other noncurrent liabilities         23,338         32,338           Total liabilities         4,547,813         4,880,702           Stockholders' (deficit) equit			
Noncurrent income taxes         55,378 (30,416)         46,613 (30,414)           Other assets         \$70,716 (30,414)         \$30,414 (30,415)           Liabilities and stockholders' (deficit) equity           Current liabilities         \$793,609         \$0,70,83           Customer deposits at Pitney Bowes Bank         642,556         628,072           Current portion of long-term debt         56,533         32,764           Advance billings         87,739         105,207           Current income taxes         1,819         2,101           Total current liabilities         1,640,526         1,727,803           Long-term debt         2,101,595         2,172,502           Deferred taxes on income         238,391         263,131           Tax uncertainties and other income tax liabilities         21,386         23,414           Noncurrent operating lease liabilities         21,386         23,314           Total liabilities         27,992         265,696           Other noncurrent liabilities         323,338         233,338           Stockholders' (deficit) equity:         32,338         233,338           Stockholders' (deficit) equity:         32,338         233,338           Common stock         33,338         323,338 </td <td>Intangible assets, net</td> <td>66,111</td> <td>77,944</td>	Intangible assets, net	66,111	77,944
Other assets         370,716         380,419           Total roses         \$ 4,422.704         \$ 4,741,355           Liabilities and stockholders' (deficit) equity         Second to seco	Operating lease assets	309,995	296,129
Total assets         \$ 4,741,355           Liabilities and stockholders' (deficit) equity           Current liabilities         \$ 793,609         \$ 907,083           Current operating lease liabilities         \$ 793,609         \$ 907,083           Current operating lease liabilities         \$ 793,609         \$ 907,083           Current operating lease liabilities         \$ 56,533         32,764           Advance billings         87,739         105,207           Current income taxes         1,819         2,101           Total current liabilities         1,640,526         1,727,803           Long-term debt         2,101,595         2,172,503           Long-term debt         21,01,595         2,172,503           Long-term debt sess on income         23,341         263,331           Tax uncertainties and other income tax liabilities         21,386         23,841           Noncurrent operating lease liabilities         21,386         23,841           Noncurrent liabilities         323,338         36,863,311           Total liabilities         323,338         323,338           Stockholders' (deficit) equity         323,338         323,338           Retained earnings         4,872,439		55,378	46,613
Liabilities and stockholders' (deficit) equity           Current liabilities:         \$ 793,609         \$ 907,083           Accounts payable and accrued liabilities         \$ 793,609         \$ 907,083           Customer deposits at Pitney Bowes Bank         642,556         628,072           Current operating lease liabilities         58,270         52,676           Current portion of long-term debt         56,533         32,764           Advance billings         87,739         105,207           Current income taxes         1,819         2,101           Total current liabilities         1,640,526         1,727,803           Long-term debt         2,101,595         2,172,502           Deferred taxes on income         23,831         26,313           Tax uncertainties and other income tax liabilities         21,386         23,841           Noncurrent operating lease liabilities         279,920         265,995           Other noncurrent liabilities         327,729         265,995           Total liabilities         323,338         323,338           Retained earnings         4,872,439         5,125,677           Accumulated other comprehensive loss         (838,071)         (835,564)           Treasury stock, at cost         (4,482,815)         (4,5	Other assets	370,716	380,419
Current liabilities:         793,609         907,083           Accounts payable and accrued liabilities         628,072         628,072           Customer deposits at Pitney Bowes Bank         642,556         628,072           Current portion of long-term debt         58,270         52,576           Current portion of long-term debt         56,533         32,764           Advance billings         87,739         105,207           Current income taxes         1,819         2,101           Total current liabilities         1,640,526         1,727,803           Long-term debt         238,391         263,131           Tax uncertainties and other income tax liabilities         238,391         263,131           Tax uncertainties and other income tax liabilities         279,920         265,696           Other noncurrent liabilities         265,995         227,729           Total liabilities         323,338         323,338           Stockholders' (deficit) equity:         323,338         323,338           Retained earnings         4,872,439         5,125,677           Accumulated other comprehensive loss         (83,071)         (835,564)           Treasury stock, at cost         (4,482,815)         (4,452,798)           Total slockholders' (deficit) equity:	Total assets	\$ 4,422,704	\$ 4,741,355
Accounts payable and accrued liabilities         \$ 793,609         \$ 907,083           Customer deposits at Pitney Bowes Bank         642,556         628,072           Current operating lease liabilities         58,270         525,676           Current portion of long-term debt         56,533         32,764           Advance billings         87,739         105,207           Current income taxes         1,819         2,101           Current liabilities         1,640,526         1,727,803           Long-term debt         210,525         2,102,502           Deferred taxes on income         218,391         263,131           Tax uncertainties and other income tax liabilities         21,386         23,841           Noncurrent operating lease liabilities         279,920         265,696           Other noncurrent liabilities         265,995         227,729           Total liabilities         323,338         323,338           Retained earnings         33,338         323,338           Retained earnings         4,872,439         5,125,677           Accumulated other comprehensive loss         (38,071)         (835,564)           Treasury stock, at cost         (4,482,815)         (4,552,798)           Total stockholders' (deficit) equity         6,6653			
Customer deposits at Pitney Bowes Bank         642,556         628,072           Current operating lease liabilities         58,270         52,576           Current portion of long-term debt         56,533         32,764           Advance billings         87,739         105,207           Current income taxes         1,819         2,101           Current liabilities         1,640,526         1,727,803           Long-term debt         23,391         283,931         283,131           Tax uncertainties and other income tax liabilities         21,386         23,841           Noncurrent liabilities         279,920         265,696           Other noncurrent liabilities         265,995         227,729           Total liabilities         323,338         323,338           Stockholders' (deficit) equity:         323,338         323,338           Retained earnings         4,872,439         5,125,677           Accumulated other comprehensive loss         (838,071)         (835,564)           Treasury stock, at cost         (4,482,815)         (5,52,798)           Total stockholders' (deficit) equity         6,653         6,653		¢ 703 600	¢ 007.083
Current operating lease liabilities         58,270         52,576           Current portion of long-term debt         56,533         32,764           Advance billings         87,739         105,207           Current income taxes         1,819         2,101           Total current liabilities         1,640,526         1,727,803           Long-term debt         2,101,595         2,172,503           Deferred taxes on income         238,391         263,131           Tax uncertainties and other income tax liabilities         21,386         23,841           Noncurrent operating lease liabilities         279,920         265,696           Other noncurrent liabilities         265,995         227,729           Total liabilities         323,338         323,338           Retained earnings         4,872,439         5,125,677           Accumulated other comprehensive loss         (838,071)         (835,564)           Treasury stock, at cost         (4,482,815)         (4,552,798)           Total stockholders' (deficit) equity         60,655			
Current portion of long-term debt         56,533         32,764           Advance billings         87,739         105,207           Current lincome taxes         1,819         2,101           Total current liabilities         1,640,526         1,727,803           Long-term debt         2,101,595         2,172,502           Deferred taxes on income         238,391         263,313           Tax uncertainties and other income tax liabilities         21,366         23,841           Noncurrent operating lease liabilities         279,920         265,996           Other noncurrent liabilities         265,995         227,729           Total liabilities         323,338         323,338           Retained earnings         323,338         333,338           Retained earnings         4,872,439         5,125,677           Accumulated other comprehensive loss         (838,071)         (835,564)           Treasury stock, at cost         (4,482,815)         (4,582,789)           Total stockholders' (deficit) equity         6,665			
Advance billings         87,739         105,207           Current income taxes         1,819         2,101           Total current liabilities         1,640,526         1,727,803           Long-term debt         2,101,595         2,172,502           Deferred taxes on income         238,391         263,131           Tax uncertainties and other income tax liabilities         21,386         23,841           Noncurrent operating lease liabilities         279,920         265,696           Other noncurrent liabilities         265,995         227,729           Total liabilities         323,338         323,338           Retained earnings         4,872,439         5,125,677           Accumulated other comprehensive loss         (338,071)         (835,567           Treasury stock, at cost         (4,482,815)         (4,552,798)           Total stockholders' (deficit) equity         60,653			
Current income taxes         1,819         2,101           Total current liabilities         1,640,526         1,727,803           Long-term debt         2,101,595         2,172,502           Deferred taxes on income         238,391         263,313           Tax uncertainties and other income tax liabilities         21,386         23,841           Noncurrent operating lease liabilities         279,920         265,696           Other noncurrent liabilities         265,995         227,729           Total liabilities         323,338         4,680,702           Stockholders' (deficit) equity:         323,338         323,338           Retained earnings         4,872,439         5,125,677           Accumulated other comprehensive loss         (838,071)         (835,579           Treasury stock, at cost         (4,482,815)         (4,552,798)           Total stockholders' (deficit) equity         60,653			
Total current liabilities         1,640,526         1,727,803           Long-term debt         2,101,595         2,172,502           Deferred taxes on income         238,391         263,131           Tax uncertainties and other income tax liabilities         21,386         23,841           Noncurrent operating lease liabilities         279,920         265,696           Other noncurrent liabilities         265,995         227,729           Total liabilities         4,547,813         4,680,702           Stockholders' (deficit) equity:         323,338         323,338           Retained earnings         4,872,439         5,125,677           Accumulated other comprehensive loss         (838,071)         (835,664)           Treasury stock, at cost         (4,482,815)         (4,552,798)           Total stockholders' (deficit) equity         60,653			
Long-term debt         2,101,595         2,172,502           Deferred taxes on income         238,391         263,131           Tax uncertainties and other income tax liabilities         21,386         23,841           Noncurrent operating lease liabilities         279,920         265,696           Other noncurrent liabilities         265,995         227,729           Total liabilities         4,547,813         4,680,702           Stockholders' (deficit) equity:         323,338         323,338           Retained earnings         4,872,439         5,125,677           Accumulated other comprehensive loss         (838,071)         (835,564)           Treasury stock, at cost         (4,482,815)         (4,552,798)           Total stockholders' (deficit) equity         (125,109)         60,653			
Deferred taxes on income         238,391         263,131           Tax uncertainties and other income tax liabilities         21,386         23,841           Noncurrent operating lease liabilities         279,920         265,696           Other noncurrent liabilities         265,995         227,729           Total liabilities         4,547,813         4,680,702           Stockholders' (deficit) equity:         323,338         323,338           Retained earnings         323,338         323,338           Accumulated other comprehensive loss         4,872,439         5,125,677           Treasury stock, at cost         (838,071)         (835,564)           Treasury stock, at cost         (4,482,815)         (4,552,798)           Total stockholders' (deficit) equity         60,653			
Tax uncertainties and other income tax liabilities         21,386         23,841           Noncurrent operating lease liabilities         279,920         265,696           Other noncurrent liabilities         265,995         227,729           Total liabilities         4,547,813         4,680,702           Stockholders' (deficit) equity:         200,000         200,000           Common stock         323,338         323,338         323,338           Retained earnings         4,872,439         5,125,677         Accumulated other comprehensive loss         (838,071)         (835,564)         (835,564)         (4,482,815)         (4,552,798)         Total stockholders' (deficit) equity         60,653         60			
Noncurrent operating lease liabilities         279,920         265,696           Other noncurrent liabilities         265,995         227,729           Total liabilities         4,547,813         4,680,702           Stockholders' (deficit) equity:           Common stock         323,338         323,338           Retained earnings         4,872,439         5,125,677           Accumulated other comprehensive loss         (838,071)         (835,564)           Treasury stock, at cost         (4,482,815)         (4,552,798)           Total stockholders' (deficit) equity         (125,109)         60,653			
Other noncurrent liabilities         265,995         227,729           Total liabilities         4,547,813         4,680,702           Stockholders' (deficit) equity:           Common stock         323,338         323,338           Retained earnings         4,872,439         5,125,677           Accumulated other comprehensive loss         (838,071)         (835,564)           Treasury stock, at cost         (4,482,815)         (4,552,798)           Total stockholders' (deficit) equity         (125,109)         60,653			
Total liabilities       4,547,813       4,680,702         Stockholders' (deficit) equity:       323,338       323,338         Common stock       323,338       323,338         Retained earnings       4,872,439       5,125,677         Accumulated other comprehensive loss       (838,071)       (835,564)         Treasury stock, at cost       (4,482,815)       (4,552,798)         Total stockholders' (deficit) equity       (125,109)       60,653		265,995	227,729
Common stock       323,338       323,338         Retained earnings       4,872,439       5,125,677         Accumulated other comprehensive loss       (838,071)       (835,564)         Treasury stock, at cost       (4,482,815)       (4,552,798)         Total stockholders' (deficit) equity       (125,109)       60,653	Total liabilities		
Common stock       323,338       323,338         Retained earnings       4,872,439       5,125,677         Accumulated other comprehensive loss       (838,071)       (835,564)         Treasury stock, at cost       (4,482,815)       (4,552,798)         Total stockholders' (deficit) equity       (125,109)       60,653	Stockholders' (deficit) equity:		
Retained earnings       4,872,439       5,125,677         Accumulated other comprehensive loss       (838,071)       (835,564)         Treasury stock, at cost       (4,482,815)       (4,552,798)         Total stockholders' (deficit) equity       (125,109)       60,653		323,338	323,338
Treasury stock, at cost       (4,482,815)       (4,552,798)         Total stockholders' (deficit) equity       (125,109)       60,653			
Treasury stock, at cost       (4,482,815)       (4,552,798)         Total stockholders' (deficit) equity       (125,109)       60,653			
Total stockholders' (deficit) equity 60,653			
			\$ 4,741,355

#### **Business Segment Revenue**

(Unaudited; in thousands)

	Three months ended September 30,				Nine months ended September 30,				30,
	2023		2	% Change	20	23	202	2	% Change
Global Ecommerce									
Revenue, as reported Impact of change in revenue presentation Impact of Borderfree divestiture	\$ 313, <sup>-</sup>	161 \$	354,326 (39,795)	(12%)	\$	974,306		1,166,623 (115,171) (22,550)	(16%)
Comparable revenue before currency Impact of currency on revenue	313, <sup>-</sup> (1,0	23)	314,531	(0%)		974,306 2,255		1,028,902	(5%)
Comparable revenue	\$ 312,7	138 \$	314,531	(1%)	\$	976,561	\$	1,028,902	(5%)
Presort Services				_					
Revenue, as reported	\$ 152,4	<u>\$</u>	144,824	5%	\$	454,460	\$	444,302	2%
Sending Technology Solutions				_					
Revenue, as reported Impact of change in revenue presentation	\$ 318,7	139 \$	331,764 (4,373)	(4%)	\$	966,004	\$ 1	1,018,426 (12,916)	(5%)
Comparable revenue before currency Impact of currency on revenue	318, <sup>-</sup> (2,1		327,391	(3%)		966,004 3,463		1,005,510	(4%)
Comparable revenue	\$ 316,0	033 \$	327,391	(3%)	\$	969,467	\$	1,005,510	(4%)
Consolidated				_					
Revenue, as reported Impact of change in revenue presentation Impact of Borderfree divestiture	\$ 783,7	751 \$	830,914 (44,168)	(6%)	\$	2,394,770		2,629,351 (128,087) (22,550)	(9%)
Comparable revenue before currency Impact of currency on revenue	783,ī (3,1		786,746	(0%)		2,394,770 5,718		2,478,714	(3%)
Comparable revenue	\$ 780,6	522 \$	786,746	(1%)	\$	2,400,488	\$ 2	2,478,714	(3%)

## Adjusted Segment EBIT & EBITDA (Unaudited; in thousands)

				Three months ende	d September	30,		
		2023			2022	% ch	ange	
	Adjusted Segment EBIT <sup>(1)</sup>	D&A	Adjusted Segment EBITDA	Adjusted Segment EBIT (1)	D&A	Adjusted Segment EBITDA	Adjusted Segment EBIT	Adjusted Segment EBITDA
Global Ecommerce	\$ (41,712)	\$ 16,872		\$ (34,881)	\$ 17,98		(20%)	
Presort Services Sending Technology Solutions	29,124 97,761	8,313 7,494		20,561 95,234	7,18 7,24		42% 3%	
Segment total	\$ 85,173	\$ 32,679		\$ 80,914	\$ 32,41		5%	
Reconciliation of Segment Adjusted EBITDA to Net (Lo	oss) Income:							
Segment depreciation and amortization			(32,679)			(32,412)		
Unallocated corporate expenses			(41,704)			(42,908)		
Restructuring charges and asset impairments			(16,578)			(4,264)		
Gain on sale of businesses, including transaction costs Interest expense, net			(43,595)			13,764 (37,377)		
Benefit (provision) for income taxes			4,185			(4,642)		
Net (loss) income			\$ (12,519)			\$ 5,487		
				Nine months ende	d September 3	30,		
		2023			2022			ange
	EBIT (1)	D&A	EBITDA	EBIT (1)	D&A	EBITDA	EBIT	EBITDA
Global Ecommerce	\$ (114,033)	\$ 49,906		\$ (77,402)	\$ 60,90		(47%)	
Presort Services	76,458	25,172		53,044	20,60		44%	
Sending Technology Solutions Segment total	291,912 \$ 254,337	22,344 \$ 97,422		295,374 \$ 271,016	22,15 \$ 103,66		(1%) (6%)	
Segment total	φ 254,557	φ 91,422	331,739	Ψ 211,010	<del>φ 103,00</del>	<u>0</u> 374,002	(0 /6)	(0 76)
Reconciliation of Segment EBITDA to Net (Loss) Incor	ne:		(0= 100)			(100.000)		
Segment depreciation and amortization			(97,422)			(103,666)		
Unallocated corporate expenses Restructuring charges and asset impairments			(145,762) (42,620)			(141,537) (12,672)		
Goodwill impairment			(118,599)			(12,072)		
Gain (loss) on debt redemption			3,064			(4,993)		
Proxy solicitation fees			(10,905)			-		
Gain on sale of assets			-			14,372		
Gain on sale of businesses, including transaction costs			(440.4=5)			10,920		
Interest expense, net			(118,156)			(104,643)		
Benefit (provision) for income taxes Net (loss) income			16,850 \$ (161,791)			(1,819) 30,644		
iver (1099) income			<u> </u>			<u> </u>		

<sup>(1)</sup> 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.

# Reconciliation of Reported Consolidated Results to Adjusted Results (Unaudited; in thousands, except per share amounts)

	Three months ended	September 30,	Nine months ended September 30,		
	2023	2022	2023	2022	
Reconciliation of reported net (loss) income to adjusted EBIT and adjusted EBITDA					
Net (loss) income	\$ (12,519)	\$ 5,487	\$ (161,791)	\$ 30,644	
(Benefit) provision for income taxes	(4,185)	4,642	(16,850)	1,819	
(Loss) income before taxes	(16,704)	10,129	(178,641)	32,463	
Restructuring charges and asset impairments	16,578	4,264	42,620	12,672	
Goodwill impairment	<u>-</u>	-	118,599	-	
(Gain) loss on debt redemption	<u>-</u>	-	(3,064)	4,993	
Proxy solicitation fees	-	-	10,905	-	
Gain on sale of assets	-	-	-	(14,372)	
Gain on sale of businesses, including transaction costs	<u>-</u>	(13,764)	-	(10,920)	
Adjusted net (loss) income before tax	(126)	629	(9,581)	24,836	
Interest, net	43,595	37,377	118,156	104,643	
Adjusted EBIT	43,469	38,006	108,575	129,479	
Depreciation and amortization	40,262	39,280	120,032	124,752	
Adjusted EBITDA	\$ 83,731	\$ 77,286	\$ 228,607	\$ 254,231	
Reconciliation of reported diluted (loss) earnings per share to adjusted diluted (loss) earning	gs				
per share					
Diluted (loss) earnings per share	\$ (0.07)	\$ 0.03	\$ (0.92)	\$ 0.17	
Restructuring charges and asset impairments	0.07	0.02	0.18	0.05	
Goodwill impairment	<u>-</u>	-	0.67	-	
(Gain) loss on debt redemption	-	-	(0.01)	0.02	
Proxy solicitation fees	-	-	0.05	-	
Gain on sale of assets	_	-	<del>-</del>	(0.06)	
Gain on sale of businesses, including transaction costs	-	(0.05)	_	(0.09)	
Adjusted diluted (loss) earnings per share (1)	\$ 0.00	\$ (0.00)	\$ (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	\$ 25,305	\$ (36,465)	\$ (14,453)	\$ 9,229	
Capital expenditures	(22,952)	(33,359)	(77,598)	(97,533)	
Restructuring payments	12,269	3,506	25,152	11,761	
Proxy solicitation fees paid	623	-	10,905		
Transaction costs paid	-	3,268	-	5.400	
Free cash flow	\$ 15,24 <u>5</u>	\$ (63,050)	\$ (55,994)	\$ (71,143)	
	Ψ 10,210	<del>\$\(\cup_{\cup_\cup_\cup_\cup_{\cin\cup_\cup_\cup_\cup_\cup_\cup_\cup_\cup_</del>	<del>Ψ (00,001)</del>	<del>Ψ (1.1,110)</del>	