Consolidated Statements of Income (Loss)

(Unaudited; in thousands, except per share amounts)

	Thre	ee months end	led Sept	tember 30,	Nii	ne months end	ed Sept	ed September 30,		
		2020		2019		2020	-	2019		
Revenue:	-									
Business services	\$	550,954	\$	419,101	\$	1,524,323	\$	1,243,609		
Support services		117,519		126,274		353,320		382,578		
Financing		86,218		90,577		260,758		280,039		
Equipment sales		79,572		89,618		213,682		264,956		
Supplies		39,635		44,818		118,117		142,261		
Rentals		18,000		19,737		55,458		60,339		
Total revenue		891,898		790,125		2,525,658		2,373,782		
Costs and expenses:										
Cost of business services		482,965		338,519		1,311,941		1,003,483		
Cost of support services		37,647		41,086		114,132		123,453		
Financing interest expense		11,626		11,026		36,054		33,433		
Cost of equipment sales		59,766		59,859		165,045		182,094		
Cost of supplies		10,132		12,225		30,751		37,533		
Cost of rentals		6,055		5,090		18,455		23,223		
Selling, general and administrative		238,618		254,092		720,882		757,228		
Research and development		9,255		12,272		28,838		38,421		
Restructuring charges		3,766		47,017		12,505		56,616		
Goodwill impairment		-		-		198,169		-		
Interest expense, net		27,175		28,704		79,504		84,325		
Other components of net pension and postretirement (income), expense		(109)		(882)		126		(3,138)		
Other (income) expense, net		(6,325)		667		9,787		18,350		
Total costs and expenses		880,571		809,675		2,726,189		2,355,021		
Income (loss) from continuing operations before taxes		11,327		(19,550)		(200,531)		18,761		
Provision (benefit) for income taxes		554		(24,895)		7,540		(13,351)		
Income (loss) from continuing operations		10,773		5,345		(208,071)		32,112		
Income (loss) from discontinued operations, net of tax		616	-	(8,470)		7,648	-	(14,199)		
Net income (loss)	\$	11,389	\$	(3,125)	\$	(200,423)	\$	17,913		
Basic earnings (loss) per share (1):										
Continuing operations	\$	0.06	\$	0.03	\$	(1.21)	\$	0.18		
Discontinued operations				(0.05)		0.04		(0.08)		
Net income (loss)	\$	0.07	\$	(0.02)	\$	(1.17)	\$	0.10		
Diluted earnings (loss) per share (1):										
Continuing operations	\$	0.06	\$	0.03	\$	(1.21)	\$	0.18		
Discontinued operations		-		(0.05)		0.04		(80.0)		
Net income (loss)	\$	0.07	\$	(0.02)	\$	(1.17)	\$	0.10		
Weighted-average shares used in diluted earnings per share		174,704		171,201		171,388		179,096		

⁽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>	September 30, 2020	December 31, 2019				
Current assets:						
Cash and cash equivalents	\$ 799,177	\$ 924,442				
Short-term investments	21,185	115,879				
Accounts and other receivables, net	348,565	373,471				
Short-term finance receivables, net	559,148	629,643				
Inventories	66,974	68,251				
Current income taxes	11,477	5,565				
Other current assets and prepayments	115,981	101,601				
Assets of discontinued operations		17,229				
Total current assets	1,922,507	2,236,081				
Property, plant and equipment, net	367,466	376,177				
Rental property and equipment, net	40,352	41,225				
Long-term finance receivables, net	587,548	625,487				
Goodwill	1,142,144	1,324,179				
Intangible assets, net	167,493	190,640				
Operating lease assets	213,490	200,752				
Noncurrent income taxes	69,305	71,903				
Other assets	533,726	400,456				
Total assets	\$ 5,044,031	\$ 5,466,900				
Liabilities and stockholders' equity Current liabilities: Accounts payable and accrued liabilities Customer deposits at Pitney Bowes Bank Current operating lease liabilities Current portion of long-term debt Advance billings Current income taxes	\$ 760,363 610,582 38,007 63,509 102,919 2,527	\$ 793,690 591,118 36,060 20,108 101,920 17,083				
Liabilities of discontinued operations Total current liabilities	1,577,907	9,713 1,569,692				
Long-term debt Deferred taxes on income Tax uncertainties and other income tax liabilities Noncurrent operating lease liabilities Other noncurrent liabilities Total liabilities	2,531,712 279,526 40,642 192,789 342,330 4,964,906	2,719,614 274,435 38,834 177,711 400,518 5,180,804				
Stockholders' equity:						
Common stock	323,338	323,338				
Additional paid-in-capital	67,512	98,748				
Retained earnings	5,190,914	5,438,930				
Accumulated other comprehensive loss	(813,572)	(840,143)				
Treasury stock, at cost	(4,689,067)	(4,734,777)				
Total stockholders' equity	79,125	286,096				
Total liabilities and stockholders' equity	\$ 5,044,031	\$ 5,466,900				

Business Segment Revenue

(Unaudited; in thousands)

	 Three me	onths	ended Septe	3,995 47% \$ 1,100,757 \$ 827,568 1,483 (3%) 386,552 394,468 0,478 31% 1,487,309 1,222,036 0,647 (7%) 1,038,349 1,151,746 0,125 13% 2,525,658 2,373,782									
	2020	2019		% Change	2020	2019	% Change						
REVENUE	 												
Global Ecommerce	\$ 409,981	\$	278,995	47%	\$ 1,100,757	\$ 827,568	33%						
Presort Services	127,705		131,483	(3%)	386,552	394,468	(2%)						
Commerce Services	537,686		410,478	31%	1,487,309	1,222,036	22%						
Sending Technology Solutions	 354,212		379,647	(7%)	1,038,349	1,151,746	(10%)						
Total revenue - GAAP	891,898		790,125	13%	2,525,658	2,373,782	6%						
Currency impact on revenue	(2,454)		-		2,514	-							
Revenue, at constant currency	\$ 889,444	\$	790,125	13%	\$ 2,528,172	\$ 2,373,782	7%						

Business Segment EBIT & EBITDA

(Unaudited; in thousands)

							Thre	e m	onths end	led S	September				
				2020							2019		% cha	nge	
		EBIT (1)		D&A		EBITDA		E	BIT (1)		D&A	I	EBITDA	EBIT	EBITDA
Global Ecommerce	\$	(19,757)	\$	16,824	\$	(2,933)		\$	(21,793)	\$	17,356	\$	(4,437)	9%	34%
Presort Services	•	14,481	•	8,031	•	22,512		•	17,687	•	7,667	•	25,354	(18%)	(11%)
Commerce Services		(5,276)		24,855		19,579			(4,106)		25,023		20,917	(28%)	(6%)
Sending Technology Solutions		112,599		7,955		120,554			130,954		9,579		140,533	(14%)	(14%)
Segment total	\$	107,323	\$	32,810	=	140,133		\$	126,848	\$	34,602		161,450	(15%)	(13%)
Reconciliation of Segment EBITDA to Net (Lo	ss) li	ncome:													
Segment depreciation and amortization						(32,810)							(34,602)		
Interest, net						(38,801)							(39,730)		
Unallocated corporate expenses (2)						(53,429)							(58,277)		
Restructuring charges and asset impairments						(3,766)							(47,017)		
Loss on debt extinguishment						-							(667)		
Transaction costs and other						-							(707)		
(Provision) benefit for income taxes						(554)							24,895		
Income from continuing operations						10,773							5,345		
Income (loss) from discontinued operations, net of	of tax					616							(8,470)		
Net income (loss)					\$	11,389						\$	(3,125)		

						Nine	mo	nths end	ed S	eptember	30,				
			2020							2019				% cha	ange
		EBIT (1)	D&A	I	EBITDA		Е	BIT (1)		D&A		EBITDA		EBIT	EBITDA
Global Ecommerce	\$	(68,126)	\$ 52,187	\$	(15,939)		\$	(51,969)	\$	50,697	\$	(1,272)		(31%)	>(100%)
Presort Services		42,758	23,662		66,420			48,215		21,675		69,890		(11%)	(5%)
Commerce Services		(25,368)	75,849		50,481	-		(3,754)		72,372		68,618		>(100%)	(26%)
Sending Technology Solutions		323,429	25,771		349,200			378,095		30,347		408,442		(14%)	(15%)
Segment Total	\$	298,061	\$ 101,620	=	399,681	-	\$	374,341	\$	102,719	:	477,060	_	(20%)	(16%)
Reconciliation of Segment EBITDA to Net Inc	ome	:													
Segment depreciation and amortization					(101,620)							(102,719)			
Interest, net					(115,558)							(117,758)			
Unallocated corporate expenses (2)					(146,640)							(160,283)			
Restructuring charges and asset impairments					(12,505)							(56,616)			
Goodwill impairment					(198, 169)							-			
Gain on sale of equity investment					11,908							-			
Loss on debt extinguishment					(36,987)							(667)			
Loss on dispositions and transaction costs					(641)							(20,256)			
(Provision) benefit for income taxes					(7,540)							13,351			
(Loss) income from continuing operations					(208,071)							32,112			
Income (loss) from discontinued operations, net	of tax				7,648							(14,199)			
Net (loss) income				\$	(200,423)						\$	17,913			

⁽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 \$5,806 and \$5,935 for the three months ended September 30, 2020 and 2019, respectively and \$18,783 and \$15,795 for the nine months ended September 30, 2020 and 2019, respectively.

Reconciliation of Reported Consolidated Results to Adjusted Results

(Unaudited; in thousands, except per share amounts)

Reconciliation of reported net income (loss) to adjusted net income, adjusted EBIT and adjusted EBITDA		Three months ended September 30,			Nine months ended September 30,				
Net income (loss) S									
Income) loss from discontinued operations, net of tax 2.639 34,722 8,493 41,709 8									
Restructuring charges and asset impairments 2,639 34,722 8,493 41,709 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 dispositions and transaction costs - 527 487 27,777 497 Loss on dispositions and transaction costs - 527 487 21,313 Adjusted net income 11,3412 41,091 28,572 95,631 1117,558 117,578 Provision (benefit) for income taxes, as adjusted 1,681 (12,250) 7,291 669 469 7,291 669 469 7,291 669 469 11,512 11,058 117,758 17,182 12,105 11,152 11,175 12,105 11,152 11,152 12,105 11,152 11,152 12,105 13,115 12,11,152 12,105 13,115 12,115 12,115 13,115 12,115 13,115 13	Net income (loss)	\$	11,389	\$	(3,125)	\$ (200,423)	\$	17,913	
Godwill impairment - - 196,600 - Gain on sale of equity investment - - (8,943) - Tax on surrender of company owned life insurance policies - 497 27,777 497 Loss on debt extinguishment - 497 27,777 497 Loss on dispositions and transaction costs - 527 487 22,133 Adjusted te lincome 13,412 41,091 28,572 95,631 Interest, net 38,801 39,730 115,558 117,758 Provision (benefit) for income taxes, as adjusted 1,6181 (12,250) 7,291 669 Adjusted EBIT 53,894 68,571 151,421 214,058 Depreciation and amortization 38,616 40,537 120,403 118,514 Adjusted EBITDA \$ 92,510 \$ 109,108 \$ 271,824 \$ 332,572 Provision (benefit) for income taxes, as adjusted diluted earnings (loss) per share to adjusted diluted ea	(Income) loss from discontinued operations, net of tax		(616)		8,470	(7,648)		14,199	
Gain on sale of equity investment .	Restructuring charges and asset impairments		2,639		34,722	8,493		41,709	
Tax on surrender of company owned life insurance policies 1	Goodwill impairment		-		-	196,600		-	
Loss on debt extinguishment - 497 27,777 497 Loss on dispositions and transaction costs - 527 487 21,313 Adjusted net income 13,412 41,091 28,572 96,581 Interest, net 38,801 39,730 115,558 117,758 Provision (benefit) for income taxes, as adjusted 1,681 (12,250) 7,291 669 Adjusted EBIT 53,894 68,571 151,421 214,058 Depreciation and amortization 38,616 40,537 120,403 118,514 Adjusted EBITDA ***02,510 109,108 271,824 \$332,572 ***Provision discontinued coperations, net of tax ***0,05 10,043 118,514 ***Adjusted diluted earnings (loss) per share to adjusted diluted earnings per share ***0,07 ***0,02 ***(1,17) **0,10 ***Conciliation of reported diluted earnings (loss) per share to adjusted diluted earnings (loss) per share ***0,05 0,05 0,23 ***Conciliation of reported deluted earnings (loss) per share **0,02 0,20	Gain on sale of equity investment		-		-	(8,943)		-	
Compositions and transaction costs 1	Tax on surrender of company owned life insurance policies		-		-	12,229		-	
Adjusted net income 13,412 41,091 28,572 95,631 Interest, net 38,801 39,730 115,558 117,758 Provision (benefit) for income taxes, as adjusted 1,681 (12,250) 7,291 6699 Adjusted EBIT 53,894 68,571 151,421 214,058 Depreciation and amortization 38,616 40,537 120,403 118,514 Adjusted EBITDA \$92,510 \$109,108 \$271,824 \$332,572 Reconciliation of reported diluted earnings (loss) per share to adjusted diluted earnings per share Diluted earnings (loss) per share to adjusted diluted earnings (loss) per share to adjusted diluted earnings per share Diluted earnings (loss) per share \$0.07 \$(0.02) \$(1.17) \$0.10 (Income) loss from discontinued operations, net of tax \$-0.05 (0.04) 0.08 Restructuring charges and asset impairments \$0.02 0.20 0.05 0.23 Goodwill impairment \$-0.05 0.040 0.08 Casin on sale of equity investment \$-0.07 \$-0.07 \$-0.05 Loss on debt extinguishment \$-0.07 \$-0.07 \$-0.05 Loss on dispositions and transaction costs \$-0.07 \$-0.12 Adjusted diluted 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 - discontinued operations \$-0.03 (10,324) 38,423 (15,858) Capital expenditures \$0.08 5,840 15,869 18,845 Change in customer deposits at PB Bank \$0.26 \$0.11,41 19,464 3,125 Transaction costs paid \$-0.08 \$-0.11,41 19,464 3,125 Transaction costs paid \$-0.09 \$-0.09 Transaction costs paid \$-0.	Loss on debt extinguishment		-		497	27,777		497	
Interest, net 38,801 39,730 115,558 117,758 Provision (benefit) for income taxes, as adjusted 1,681 (1,2250) 7,291 669 Adjusted EBIT 53,894 68,671 151,421 214,058 Depreciation and amortization 38,616 40,537 120,403 118,514 Adjusted EBITDA \$92,510 109,108 271,824 \$332,572 Reconcilitation of reported diluted earnings (loss) per share to adjusted diluted earnings (loss) per share to adjusted diluted earnings (loss) per share \$0.07 (0.02) \$(1.17) \$0.10 (Income) loss from discontinued operations, net of tax \$0.07 0.05 (0.04) 0.08 Restructuring charges and asset impairments 0.02 0.05 0.05 0.03 Goodwill impairment \$0.02 0.02 0.05 0.03 0.02 Gain on sale of equity investment \$0.2 1.0 0.05 0.05 0.0 Tax on surrender of company owned life insurance policies \$0.0 \$0.0 0.0 0.0 0.0 0.0 1.0 0.0	Loss on dispositions and transaction costs		-		527	 487		21,313	
Provision (benefit) for income taxes, as adjusted 1,681 (12,250) 7,291 669 Adjusted EBIT DA 53,894 68,571 151,421 214,058 Depreciation and amortization 38,616 40,532 120,403 118,514 Adjusted EBIT DA \$92,510 109,108 271,824 332,572 Reconcilitation of reported diluted earnings (loss) per share to adjusted diluted earnings (loss) per share \$0.07 (0.02) \$(1.17) \$0.10 (Income) loss from discontinued operations, net of tax \$0.07 0.05 (0.04) 0.08 Restructuring charges and asset impairments \$0.02 0.05 0.02 Goodwill impairment \$0.02 0.05 0.03 Gain on sale of equity investment \$0.0 0.0 0.0 Loss on debit extinguishment \$0.0 0.0 0.0 Loss on debit extinguishment \$0.0 0.0 0.0 Loss on dispositions and transaction costs \$0.0 0.0 0.0 Adjusted diluted earnings per share \$0.0 0.0 0.0 No	Adjusted net income		13,412		41,091	 28,572		95,631	
Adjusted EBIT Darbereciation and amortization 53,894 38,616 40,537 420,403 118,514 214,045 120,403 118,514 Adjusted EBITDA 38,616 40,537 120,403 118,514 332,572 Reconcilitation of reported diluted earnings (loss) per share to adjusted diluted earnings per share Diluted earnings (loss) per share to adjusted diluted earnings per share Diluted earnings (loss) per share to adjusted diluted earnings per share Diluted earnings (loss) per share to adjusted diluted earnings per share Diluted earnings (loss) per share to adjusted diluted earnings (loss) per share Diluted earnings (loss) per share 0.07 (0.02) (1.17) 0.10 Restructuring charges and asset impairments 0.02 0.05 0.03 Gain on sale of equity investment 0.02 0.05 0.23 Gain on sale of equity investment 0.0 0.0 0.05 0.23 Loss on debt extinguishment 0.0 0.0 0.16 0.16 0.16 0.16 0.12 Loss on debt extinguishment 0.0 0.08 0.24 0.17 0.53 Note: The sum of the earnings per share amounts may not equal the total	Interest, net		38,801		39,730	115,558		117,758	
Depreciation and amortization 38,616 40,537 120,403 118,514 20,405 271,824 332,572 20,205 2	Provision (benefit) for income taxes, as adjusted		1,681		(12,250)	 7,291		669	
Reconcilitation of reported diluted earnings (loss) per share to adjusted diluted earnings per share \$ 0.07 \$ (0.02) \$ (1.17) \$ 0.10 (Income) loss from discontinued operations, net of tax - 0.05 (0.04) 0.08 Restructuring charges and asset impairments 0.02 0.20 0.05 0.23 Goodwill impairment - - - (0.05) - Gain on sale of equity investment - - 0.07 - Tax on surrender of company owned life insurance policies - - 0.07 - Loss on debt extinguishment - - - 0.16 - Loss on dispositions and transaction costs - - - 0.16 - Adjusted diluted earnings per share \$ 0.08 \$ 0.24 \$ 0.17 \$ 0.53 Note: The sum of the earnings per share amounts may not equal the totals due to rounding. - - - - 0.16 - - 0.12 - 0.12 - 0.12 - 0.12 - 0.12 - 0.12 <td>Adjusted EBIT</td> <td></td> <td>53,894</td> <td></td> <td>68,571</td> <td> 151,421</td> <td></td> <td>214,058</td>	Adjusted EBIT		53,894		68,571	 151,421		214,058	
Reconciliation of reported diluted earnings (loss) per share to adjusted diluted earnings per share \$ 0.07 \$ (0.02) \$ (1.17) \$ 0.10 (Income) loss from discontinued operations, net of tax	Depreciation and amortization		38,616		40,537	120,403		118,514	
Adjusted diluted earnings per share \$ 0.07 \$ (0.02) \$ (1.17) \$ 0.10 (10come) loss from discontinued operations, net of tax	Adjusted EBITDA	\$	92,510	\$	109,108	\$ 271,824	\$	332,572	
Reconciliation of reported net cash from operating activities to free cash flow Net cash provided by operating activities \$ 103,815 \$ 95,502 \$ 190,624 \$ 182,284 Net cash (provided by) used in operating activities - discontinued operations - (10,324) 38,423 (15,858) Capital expenditures (20,833) (36,034) (80,787) (95,221) Restructuring payments 4,504 5,840 15,869 18,845 Change in customer deposits at PB Bank (2,867) 11,441 19,464 3,125 Transaction costs paid - 2,917 2,117 9,025	(Income) loss from discontinued operations, net of tax Restructuring charges and asset impairments Goodwill impairment Gain on sale of equity investment Tax on surrender of company owned life insurance policies Loss on debt extinguishment Loss on dispositions and transaction costs		- 0.02 - - - - -		0.05 0.20 - - - -	 (0.04) 0.05 1.14 (0.05) 0.07 0.16		0.08 0.23 - - - - - - 0.12	
Net cash provided by operating activities \$ 103,815 \$ 95,502 \$ 190,624 \$ 182,284 Net cash (provided by) used in operating activities - discontinued operations - (10,324) 38,423 (15,858) Capital expenditures (20,833) (36,034) (80,787) (95,221) Restructuring payments 4,504 5,840 15,869 18,845 Change in customer deposits at PB Bank (2,867) 11,441 19,464 3,125 Transaction costs paid - 2,917 2,117 9,025	Reconciliation of reported net cash from operating activities to free	nding.				 			
Net cash (provided by) used in operating activities - discontinued operations - (10,324) 38,423 (15,858) Capital expenditures (20,833) (36,034) (80,787) (95,221) Restructuring payments 4,504 5,840 15,869 18,845 Change in customer deposits at PB Bank (2,867) 11,441 19,464 3,125 Transaction costs paid - 2,917 2,117 9,025									
Capital expenditures (20,833) (36,034) (80,787) (95,221) Restructuring payments 4,504 5,840 15,869 18,845 Change in customer deposits at PB Bank (2,867) 11,441 19,464 3,125 Transaction costs paid - 2,917 2,117 9,025		\$	•	\$	•	\$ •	\$,	
Restructuring payments 4,504 5,840 15,869 18,845 Change in customer deposits at PB Bank (2,867) 11,441 19,464 3,125 Transaction costs paid - 2,917 2,117 9,025									
Change in customer deposits at PB Bank (2,867) 11,441 19,464 3,125 Transaction costs paid - 2,917 2,117 9,025	·								
Transaction costs paid - 2,917 2,117 9,025	e i i								
	-		(2,867)						
Free cash flow \$ 84,619 \$ 69,342 \$ 185,710 \$ 102,200			-						
	Free cash flow	\$	84,619	\$	69,342	\$ 185,710	\$	102,200	