

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 OR 15(d) of  
The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): May 8, 2019**

**Stamps.com Inc.**

(Exact name of registrant as specified in its charter)

Delaware 000-26427 77-0454966

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(State or other jurisdiction (Commission (IRS Employer  
of incorporation) File Number) Identification No.)

1990 E. Grand Avenue, El Segundo, CA                      90245  
(Address of principal executive offices)                      (Zip Code)

Registrant's telephone number, including area code:      (310) 482-5800

Not Applicable

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(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company     

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	STMP	The NASDAQ Stock Market

**Item 2.02. Results of Operations and Financial Condition.**

On May 8, 2019, Stamps.com Inc. issued a press release setting forth its financial results for its fiscal quarter ended March 31, 2019.

A copy of such press release is being furnished as Exhibit 99.1 to this Current Report on Form 8-K and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933 (the "Securities Act") or the Exchange Act.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

The following exhibit is being furnished or filed herewith:

[99.1](#) Press Release of Stamps.com Inc. dated May 8, 2019, announcing Stamps.com Inc.'s financial results for its fiscal quarter ended March 31, 2019. (furnished, not filed)

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Stamps.com Inc.  
\_\_\_\_\_  
(Registrant)

\_\_\_\_\_  
May 8, 2019  
Date

*/s/ Ken McBride*  
\_\_\_\_\_  
(Signature)

Ken McBride  
Chief Executive Officer

Investor Contact:                      Press Contact:  
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## STAMPS.COM REPORTS FIRST QUARTER RESULTS

**El Segundo, CA - May 8, 2019** - Stamps.com® (Nasdaq: STMP), the leading provider of [postage online](#) and [shipping software](#), today announced results for the quarter ended March 31, 2019.

### First Quarter 2019 Financial Highlights

- Total revenue was \$136.0 million, up 2% compared to \$133.6 million in the first quarter of 2018.
- GAAP net income was \$15.8 million, down 67% compared to \$47.0 million in the first quarter of 2018.
- GAAP net income per fully diluted share was \$0.87, down 66% compared to \$2.54 in the first quarter of 2018.
- Non-GAAP adjusted EBITDA was \$39.2 million, down 37% compared to \$62.1 million in the first quarter of 2018.
- Non-GAAP adjusted income per fully diluted share was \$1.23, down 51% compared to \$2.54 in the first quarter of 2018.

“During the first quarter we continued to make progress on our efforts to evolve our strategy to more fully embrace a global multi-carrier business model,” said Ken McBride, Stamps.com’s Chairman and CEO. “Our financial results for the first quarter were in-line with our expectations in light of our new strategic direction.”

### First Quarter 2019 Detailed Results

First quarter 2019 total revenue was \$136.0 million, up 2% compared to the first quarter of 2018. First quarter 2019 Mailing and Shipping revenue (which includes service, product and insurance revenue but excludes Customized Postage and Other revenue) was \$132.6 million, up 1% versus the first quarter of 2018. First quarter 2019 Customized Postage revenue was \$3.4 million, up 30% versus the first quarter of 2018.

First quarter 2019 GAAP income from operations was \$23.2 million, GAAP net income was \$15.8 million, and GAAP net income per share was \$0.87 based on 18.0 million fully diluted shares outstanding. This compares to first quarter 2018 GAAP income from operations of \$49.2 million, GAAP net income of \$47.0 million, and GAAP net income per share of \$2.54 based on 18.5 million fully diluted shares outstanding. First quarter 2019 GAAP income from operations, GAAP net income, and GAAP income per fully diluted share decreased by 53%, 67%, and 66% year-over-year, respectively.

First quarter 2019 GAAP income from operations included \$8.9 million of non-cash stock-based compensation expense and \$5.6 million of non-cash amortization of acquired intangibles. First quarter 2019 GAAP net income included \$93 thousand of non-cash amortization of debt issuance costs. First quarter 2019 GAAP income tax expense was \$6.7 million and non-GAAP income tax expense was \$14.8 million, resulting in an \$8.1 million non-GAAP tax expense adjustment. The higher non-GAAP tax expense reflects the tax impact on the non-GAAP pre-tax income at a non-GAAP effective tax rate of 40.0% for the first quarter. See the section later in this release entitled, “About Non-GAAP Financial Measures” for more information on how non-GAAP taxes are calculated. Excluding the non-cash stock-based compensation expense and non-cash amortization of acquired intangibles, first quarter 2019 non-GAAP income from operations was \$37.7 million. Also excluding non-cash amortization of debt issuance costs and including the non-GAAP tax expense adjustment, first quarter 2019 non-GAAP adjusted income was \$22.2 million or \$1.23 per share based on 18.0 million fully diluted shares outstanding.

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## Reconciliation of GAAP to Non-GAAP Financial Measures (First Quarter 2018)

First Quarter Fiscal 2018 All amounts in millions except per share data:	GAAP Amounts	Stock-Based Compensation Expense	Intangible Amortization Expense	Debt Amortization Expense	Income Tax Adjustments	Non-GAAP Amounts
Cost of Revenues	\$ 25.53	\$ 0.48	\$ —	\$ —	\$ —	\$ 25.05
Research & Development	12.07	1.93	—	—	—	10.15
Sales & Marketing	25.75	1.52	—	—	—	24.23
General & Administrative	21.02	3.62	4.00	—	—	13.40
Total Expenses	84.37	7.55	4.00	—	—	72.82
Income (Loss) from Operations	49.20	(7.55)	(4.00)	—	—	60.75
Interest and Other Income (Loss)	(0.54)	—	—	(0.09)	—	(0.45)
Benefit (Expense) for Income Taxes	(1.62)	—	—	—	11.65	(13.27)
Adjusted Income (Loss)	47.04	(7.55)	(4.00)	(0.09)	11.65	47.03
On a diluted per share basis	\$ 2.54	\$ (0.41)	\$ (0.22)	\$ (0.01)	\$ 0.63	\$ 2.54
Shares used in per share calculation	18.51	18.51	18.51	18.51	18.51	18.51

### First Quarter GAAP Net Income and Non-GAAP Adjusted EBITDA

First quarter 2019 GAAP net income was \$15.8 million, down 67% compared to \$47.0 million in the first quarter of 2018.

First quarter 2019 non-GAAP adjusted EBITDA was \$39.2 million, down 37% compared to \$62.1 million in the first quarter of 2018.

Adjusted EBITDA is a non-GAAP financial measure which is described further in the “About Non-GAAP Financial Measures” section of this press release and is reconciled to GAAP net income in the following table (unaudited):

### Reconciliation of GAAP Net Income to Non-GAAP Adjusted EBITDA

All amounts in millions	Three Months ended	
	2019	2018
GAAP Net Income (Loss)	\$15.76	\$47.04
Depreciation and Amortization expense	\$7.04	\$5.34
Interest & Other Expense (Income), net	\$0.74	\$0.54
Income Tax Expense (Benefit), net	\$6.74	\$1.62
Stock-based Compensation Expense	\$8.89	\$7.55
Adjusted EBITDA	\$39.17	\$62.08

### Taxes

For the first quarter of 2019, the Company reported a GAAP income tax expense of \$6.7 million representing an effective tax rate of 30.0%. As discussed below under the heading, “About Non-GAAP Financial Measures,” we believe our effective tax rate for 2019 will be approximately 40%. Accordingly, the first quarter 2019 effective rate of 30.0% should not be assumed to apply for 2019 as a whole, and our after tax income

during the remainder of 2019 will likely reflect a materially higher rate than is reflected in our after tax results for the first quarter of 2019. Our first quarter 2019 GAAP net income should also be understood to have been positively impacted by the lower effective tax rate applicable specifically to the quarter.

### **Share Repurchase and Debt Repayment**

During the first quarter of 2019, the Company repurchased approximately 235 thousand shares at a total cost of approximately \$32 million.

On March 8, 2019, our Board of Directors approved a \$60 million share repurchase plan which is scheduled to expire in September 2019. As of May 8, 2019, we have repurchased approximately \$24 million under this plan. On May 1, 2019, the Board of Directors adjusted the repurchase parameters of the plan which is now expected to repurchase a further \$9 million, in addition to the approximately \$24 million already purchased, between May 9, 2019 and the plan's expiration in September 2019.

During the first quarter of 2019, the Company made a required principal repayment of \$2.6 million against the borrowings under the Company's existing credit agreement related to the Endicia acquisition. As of March 31, 2019, total debt under the credit agreement, excluding debt issuance costs, was \$58.8 million.

### **Summary of our Updated Business Outlook**

For fiscal year 2019, the Company currently expects its GAAP financial outlook to be as follows:

- We expect total revenue to be in a range of approximately \$510 million to \$560 million; this compares to previous guidance of \$540 million to \$570 million.
- We expect GAAP net income to be in a range of approximately \$21 million to \$45 million; this compares to previous guidance of \$55 million to \$69 million.
- We expect GAAP net income per fully diluted share to be in a range of approximately \$1.15 to \$2.56; this compares to previous guidance of \$2.86 to \$3.76.
- We expect our 2019 effective tax rate to be 40.0%; this compares to previous guidance of 30.0%.

The revision to our guidance is principally the result of potential short and long term adverse amendments, renegotiations, changes, or termination of certain contracts between the USPS and certain of our strategic partners who are part of the USPS's reseller program, that we have recently become aware of, and which will be discussed further on our conference call later today. See also below under "Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995.

The above GAAP amounts, adjusted as detailed below, result in the following non-GAAP financial outlook:

- We expect non-GAAP adjusted EBITDA to be in a range of approximately \$110 million to \$150 million; this compares to previous guidance of \$145 million to \$165 million.
- We expect non-GAAP adjusted income per fully diluted share to be in a range of \$3.35 to \$4.85; this compares to previous guidance of \$5.15 to \$6.15.

The Company plans to discuss certain strategic items during its conference call that impact our business outlook for 2019.

### **Detailed Discussion of our Business Outlook**

As noted above, for 2019, the Company currently expects total revenue to be in a range of approximately \$510 million to \$560 million; this compares to previous guidance of \$540 million to \$570 million.

Also, for 2019, the Company currently expects GAAP net income to be in a range of approximately \$21 million to \$45 million; this compares to previous guidance of \$55 million to \$69 million.

The expected GAAP net income range includes depreciation and amortization expense of approximately \$28 million, stock-based compensation expense of approximately \$45 million, interest and other expense, net of approximately \$2 million, and income tax expense of approximately \$14 million to \$30 million. Excluding the depreciation and amortization expense, stock-based compensation expense, interest and other expense, net and income tax expense, we expect non-GAAP adjusted EBITDA to be in a range of

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approximately \$110 million to \$150 million; this compares to previous guidance of \$145 million to \$165 million.

The following table is provided to facilitate a reconciliation of 2019 expected non-GAAP adjusted EBITDA to expected GAAP net income:

All amounts in millions	Fiscal Year 2019 Guidance	
	<u>Low End of Range</u>	<u>High End of Range</u>
GAAP net income	\$21.1	\$45.1
<u>Adjustments to reconcile adjusted EBITDA to GAAP net income:</u>		
Depreciation and amortization expense	\$27.5	\$27.5
Stock-based compensation expense	\$45.0	\$45.0
Interest and other expense (income), net	\$2.4	\$2.4
<u>Income tax expense</u>	<u>\$14.0</u>	<u>\$30.0</u>
Total adjustments excluded from adjusted EBITDA	\$88.9	\$104.9
Adjusted EBITDA	\$110.0	\$150.0

As noted above, for 2019, the Company currently expects GAAP net income per fully diluted share to be in a range of approximately \$1.15 to \$2.56; this compares to previous guidance of \$2.86 to \$3.76. The expected GAAP net income per fully diluted share range includes non-cash stock-based compensation expense of approximately \$45 million, non-cash amortization of acquired intangibles expense of approximately \$22 million, and non-cash amortization of debt issuance costs of approximately \$0.4 million. Excluding the stock-based compensation expense, amortization of acquired intangibles expense, and amortization of debt issuance costs, and including higher expected non-GAAP income taxes of approximately \$27 million from the expected tax effects of these adjustments at an assumed 40% effective full-year tax rate, non-GAAP adjusted income per fully diluted share is expected to be in a range of \$3.35 to \$4.85; this compares to previous guidance of \$5.15 to \$6.15.

The following table is provided to facilitate a reconciliation of 2019 expected non-GAAP adjusted income per fully diluted share to expected GAAP net income per fully diluted share:

All amounts in millions except percentages and per share data	Fiscal Year 2019 Guidance	
	<u>Low End of Range</u>	<u>High End of Range</u>
GAAP net income per fully diluted share	\$1.15	\$2.56
<u>Adjustments to reconcile non-GAAP to GAAP:</u>		
Stock-based compensation expense	\$45.0	\$45.0
Amortization of acquired intangibles	\$22.0	\$22.0
<u>Amortization of debt issuance costs</u>	<u>\$0.4</u>	<u>\$0.4</u>
Total adjustments excluded from non-GAAP	\$67.4	\$67.4
Projected effective tax rate	40.0%	40.0%
<u>Increased tax expense from non-GAAP adjustments</u>	<u>\$27.0</u>	<u>\$27.0</u>
Total tax affected adjustments excluded from non-GAAP	\$40.4	\$40.4
Fully diluted shares	18.4	17.6
Total adjustments excluded from non-GAAP adjusted income per fully diluted share	\$2.20	\$2.29
Non-GAAP adjusted income per fully diluted share	\$3.35	\$4.85

This business outlook does not include the impact from potential future acquisitions, including acquisition costs or related financings, or unanticipated events. This business outlook also does not include the



impact of foreign currency fluctuations, or other geopolitical events, such as trade negotiations or Brexit. This business outlook also does not include the impact of employee stock option exercises and any associated tax effects. This business outlook and the related assumptions are forward-looking statements subject to the safe harbor statement contained at the end of this press release, and reflect our views of current and future market conditions as of the date of this press release. Ranges reflect our business assumptions, but actual results could fall outside the range presented. Only a few of our assumptions underlying our guidance are disclosed above, and our actual results will be affected by known and unknown risks, trends, uncertainties and other factors, some of which are beyond our control or ability to predict. Although we believe that the assumptions underlying our guidance are reasonable, they are not guarantees of future performance and some of them will inevitably prove to be incorrect. As a result, our actual future results can be expected to differ from our expectations, and those differences could be material. We do not undertake any obligation to release publicly any revisions to our business outlook or other forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

### **Company Metrics and Conference Call**

2019 Company metrics, updated to include the first quarter, is available at <http://investor.stamps.com> (under a tab on the left side called "Company Information, Metrics"). These metrics are not incorporated into this press release.

The Stamps.com financial results conference call will be webcast today at 5:00 p.m. Eastern Time and may be accessed at <http://investor.stamps.com>. The Company plans to discuss its business outlook during the conference call. Following the conclusion of the webcast, a replay of the call will be available at the same website.

### **About Stamps.com, Endicia, ShipStation, ShipWorks, ShippingEasy and MetaPack**

[Stamps.com](http://stamps.com) (Nasdaq: STMP) is the leading provider of [postage online](#) and [shipping software](#) solutions to customers, including consumers, small businesses, e-commerce shippers, enterprises, and high volume shippers. Stamps.com offers solutions that help businesses run their shipping operations more smoothly and function more successfully under the brand names [Stamps.com](#), [Endicia](#), [ShipStation](#), [ShipWorks](#), [ShippingEasy](#) and [MetaPack](#). Stamps.com's family of brands provides seamless access to mailing and shipping services through integrations with more than 500 unique partner applications.

[Endicia](#) is a leading brand for high volume shipping technologies and services for U.S. Postal Service shipping. Under this brand we offer solutions that help businesses run their shipping operations more smoothly and function more successfully. Our Endicia branded solutions also provide seamless access to USPS shipping services through integrations with partner applications.

[ShipStation](#) is a leading web-based shipping solution that helps e-commerce retailers import, organize, process, package, and ship their orders quickly and easily from any web browser. ShipStation features the most integrations of any e-commerce web-based solution with more than 325 shopping carts, marketplaces, package carriers, and fulfillment services. Integration partners include eBay, PayPal, Amazon, Etsy, Square, Shopify, BigCommerce, Volusion, Magento, Squarespace, and carriers such as USPS, UPS, FedEx and DHL. ShipStation has sophisticated automation features such as automated order importing, custom hierarchical rules, product profiles, and fulfillment solutions that enable its customers to complete their orders, wherever they sell, and however they ship.

[ShipWorks](#) is a leading brand for client-based shipping solutions that help high volume shippers import, organize, process, fulfill, and ship their orders quickly and easily from any standard PC. With integrations to more than 100 shopping carts, marketplaces, package carriers, and fulfillment services, ShipWorks has the most integrations of any high-volume client shipping solution. Package carriers include USPS, UPS, FedEx, DHL, OnTrac and many more. Marketplace and shopping cart integrations include eBay, PayPal, Amazon, Etsy, Shopify, BigCommerce, Volusion, ChannelAdvisor, Magento, and many more. ShipWorks

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has sophisticated automation features such as a custom rules engine, automated order importing, automatic product profile detection, and fulfillment automation, which enable high volume shippers to complete their orders quickly and efficiently.

[ShippingEasy](#) provides a single platform for e-commerce merchants to automate order imports and shipping, manage inventory, and increase sales through customer email marketing and online reviews. Powerful integrations with leading online channels such as Amazon, eBay, Etsy, Walmart, Shopify, Magento, WooCommerce and many others allow merchants to manage orders from everywhere they sell all in one place. The inclusion of email marketing and inventory management solutions plus award-winning support from real humans via phone, email, and chat lets online merchants streamline their businesses and increase orders through a single integrated platform that provides more than best-in-class shipping solutions.

[MetaPack](#) helps e-commerce and delivery professionals to meet with the consumer's growing expectations of delivery, while maintaining and optimizing operational efficiency. MetaPack's SaaS solution offers a wide range of personalized delivery services, from global order tracking to simplified return procedures, through a catalog of more than 450 carriers and 5,000 services available that span every country in the world.

### **About Non-GAAP Financial Measures**

To supplement the Company's condensed consolidated balance sheet and consolidated statement of income presented in accordance with GAAP, the Company uses non-GAAP measures of certain components of financial performance. These non-GAAP measures include non-GAAP income from operations, non-GAAP adjusted income, non-GAAP adjusted income per fully diluted share and adjusted EBITDA.

Non-GAAP financial measures are provided to enhance investors' overall understanding of the Company's financial performance and prospects for the future and as a means to evaluate period-to-period comparisons. The Company believes the non-GAAP measures that: (1) exclude certain non-cash items including stock-based compensation expense, amortization of acquired intangibles, amortization of debt issuance costs, contingent consideration charges; (2) exclude certain expenses and gains such as acquisition related expenses, litigation settlement expenses, executive consulting expenses, insurance proceeds; and (3) includes income tax adjustments provide meaningful supplemental information regarding financial performance by excluding certain expenses and benefits that may not be reflective of our underlying operating performance.

Non-GAAP adjusted income is calculated as GAAP net income plus the cumulative impact of the adjustments outlined in the paragraph immediately above.

Non-GAAP adjusted income per fully diluted share is calculated as non-GAAP adjusted income divided by fully diluted shares. Prior to the third quarter 2016, the Company referred to non-GAAP adjusted income as non-GAAP net income.

Non-GAAP income tax expense for the first, second and third quarters of our fiscal year are calculated by multiplying the projected annual effective tax rate in that quarter by the non-GAAP adjusted income before taxes for the quarter. The projected annual effective tax rate does not reflect potential future employee option exercises in the remaining quarters of the fiscal year due to the inherent difficulty in forecasting employee option exercises. The projected annual effective tax rate also considers other factors including the Company's tax structure and its tax positions in various jurisdictions where the Company operates. The actual annual effective tax rate realized for the fiscal year could differ materially from our projected annual effective tax rate used in the first, second and third quarters.

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Non-GAAP income tax expense for the fourth quarter of the fiscal year is calculated by multiplying the actual effective tax rate for the fiscal year by the non-GAAP adjusted income before taxes for the fiscal year and subtracting the non-GAAP income tax expense or benefit reported in the first, second and third quarters. As a result, the fourth quarter reflects the tax impact of reconciling the first, second and third quarter projected annual effective rates to the actual effective tax rate for the fiscal year.

The projected non-GAAP full-year tax rate for 2019 is 40%. The increase in our estimated effective tax rate for 2019 was primarily driven by an increase in projected non-deductible expenses related to executive compensation coupled with a reduction in projected pre-tax book income.

Adjusted EBITDA as calculated in this press release represents earnings before interest and other expense, net, interest and other income, net, income tax expense or benefit, depreciation and amortization and excludes certain items, such as stock-based compensation expense.

The presentation of non-GAAP financial measures is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. These non-GAAP financial measures may differ from similarly titled measures used by other companies. Reconciliation of non-GAAP financial measures included in this press release to the corresponding GAAP measures can be found in the financial tables of this press release.

The Company believes that non-GAAP financial measures, when viewed with GAAP results and the accompanying reconciliation, enhance the comparability of operating results against prior periods and allow for greater transparency of operating results. Management uses non-GAAP financial measures in making financial, operating, compensation and planning decisions. The Company believes non-GAAP financial measures facilitate management and investors in comparing the Company's financial performance to that of prior periods as well as in performing trend analysis over time.

### **Share Repurchase Timing**

The timing of share repurchases, if any, and the number of shares to be bought at any one time will depend on factors including market conditions and the Company's compliance with the covenants in its Credit Agreement. Share repurchases may be made from time to time on the open market or in negotiated transactions at the Company's discretion in compliance with Rule 10b-18 of the United States Securities and Exchange Commission. The Company's purchase of any of its shares may be subject to limitations imposed on such purchases by applicable securities laws and regulations and the rules of the Nasdaq Stock Market.

### **"Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995**

*This release includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements that are not historical facts, and may relate to future events or the company's anticipated results, business strategies or capital requirements, among other things, all of which involve risks and uncertainties. You can identify many (but not all) such forward-looking statements by looking for words such as "assumes," "approximates," "believes," "expects," "anticipates," "estimates," "projects," "seeks," "intends," "plans," "could," "would," "may" or other similar expressions. Important factors which could cause actual results to differ materially from those in the forward-looking statements, include (i) potential short and long term adverse amendments, renegotiations, changes, or termination of certain contracts between the USPS and certain of our strategic partners who are part of the USPS's reseller program, that we have recently become aware of, and through which we derive material revenues and profits, as well as significant uncertainty as to whether, how and when such changes may be implemented (ii) the Company's ability to successfully integrate and realize the benefits of its past or future strategic acquisitions or investments, (iii) the Company's ability to monetize its customers' transactions with carriers, (iv) the impact of foreign exchange fluctuations and geopolitical*

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*risks, and (v) other important factors that are detailed in filings with the Securities and Exchange Commission made from time to time by Stamps.com, including its Annual Report on Form 10-K for the year ended December 31, 2018, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K. Matters described in forward-looking statements may also be affected by other known and unknown risks, trends, uncertainties and factors, many of which are beyond the company's ability to control or predict. Stamps.com undertakes no obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.*

**Trademarks**

*Stamps.com, the Stamps.com logo, Endicia, ShipStation, ShipWorks and ShippingEasy are registered trademarks of Stamps.com Inc. and its subsidiaries, and MetaPack is a trade mark of MetaPack registered in the UK Intellectual Property Office. All other brands and names used in this release are the property of their respective owners.*

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## STAMPS.COM INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data: unaudited)

	Three Months ended March 31,	
	2019	2018
Revenues:		
Service	\$ 123,907	\$ 120,916
Product	5,405	5,679
Insurance *	3,334	4,368
Customized postage	3,357	2,580
Other	0	22
Total revenues	136,003	133,565
Cost of revenues:		
Service	32,235	20,649
Product	1,673	1,751
Insurance *	0	998
Customized postage	2,431	2,129
Total cost of revenues	36,339	25,527
Gross profit	99,664	108,038
Operating expenses:		
Sales and marketing	32,881	25,748
Research and development	17,314	12,073
General and administrative	26,228	21,016
Total operating expenses	76,423	58,837
Income from operations	23,241	49,201
Foreign currency exchange gain (loss), net	(95)	0
Interest expense	(714)	(590)
Interest income and other income (loss), net	65	49
Income before income taxes	22,497	48,660
Income tax expense	6,742	1,616
Net income	\$ 15,755	\$ 47,044
Net income per share:		
Basic	\$ 0.90	\$ 2.67
Diluted	\$ 0.87	\$ 2.54
Weighted average shares outstanding:		
Basic	17,547	17,644
Diluted	18,015	18,511

\*Beginning on October 1, 2018, insurance revenue represents the amount we receive from customers net of the costs paid to our insurance providers. For the periods presented prior to October 1, 2018, insurance revenue represented the gross amount charged to the customer for purchasing insurance and the related cost represented the amount paid to our insurance providers.

**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands, unaudited)

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 110,925	\$ 113,757
Accounts receivable, net	76,079	83,595
Current income taxes	1,723	8,465
Prepaid expenses and other current assets	28,846	23,794
Property and equipment, net	35,101	36,337
Goodwill and intangible assets, net	543,966	545,569
Deferred income taxes, net	29,874	29,874
Other assets	29,895	11,383
Total assets	<u><u>\$ 856,409</u></u>	<u><u>\$ 852,774</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities:		
Accounts payable, accrued expenses, and other liabilities	\$ 157,572	\$ 152,642
Debt, net of debt issuance costs	58,158	60,643
Deferred income taxes, net	18,749	18,665
Deferred revenue	7,301	7,159
Total liabilities	<u><u>241,780</u></u>	<u><u>239,109</u></u>
Stockholders' equity:		
Common stock	56	56
Additional paid-in capital	1,063,007	1,049,669
Treasury stock	(560,620)	(528,529)
Retained earnings	107,467	91,712
Accumulated other comprehensive income	4,719	757
Total stockholders' equity	<u><u>614,629</u></u>	<u><u>613,665</u></u>
Total liabilities and stockholders' equity	<u><u>\$ 856,409</u></u>	<u><u>\$ 852,774</u></u>