1ST QUARTER EARNINGS 2023

Financial and Operational Schedules & Non-GAAP Reconciliations

April 20, 2023

AT&T

AT&T Inc.
Financial Data

Consolidated Statements of Income			
Dollars in millions except per share amounts			
Unaudited	First Quarter		Percent
	2023	2022	Change
Operating Revenues			
Service	**$ 24,617**	$ 23,999	2.6 %
Equipment	**5,522**	5,713	(3.3)%
Total Operating Revenues	**30,139**	29,712	1.4 %
Operating Expenses			
Cost of revenues			
Equipment	**5,658**	6,036	(6.3)%
Other cost of revenues (exclusive of depreciation and amortization shown separately below)	**6,673**	6,699	(0.4)%
Selling, general and administrative	**7,175**	6,978	2.8 %
Depreciation and amortization	**4,631**	4,462	3.8 %
Total Operating Expenses	**24,137**	24,175	(0.2)%
Operating Income	**6,002**	5,537	8.4 %
Interest Expense	**1,708**	1,626	5.0 %
Equity in Net Income of Affiliates	**538**	521	3.3 %
Other Income (Expense) — Net	**935**	2,157	(56.7)%
Income from Continuing Operations Before Income Taxes	**5,767**	6,589	(12.5)%
Income tax expense on continuing operations	**1,314**	1,440	(8.8)%
Income From Continuing Operations	**4,453**	5,149	(13.5)%
Income from discontinued operations, net of tax	**—**	15	— %
Net Income	**4,453**	5,164	(13.8)%
Less: Net Income Attributable to Noncontrolling Interest	**(225)**	(354)	36.4 %
Net Income Attributable to AT&T	**$ 4,228**	$ 4,810	(12.1)%
Less: Preferred Stock Dividends	**(52)**	(48)	(8.3)%
Net Income Attributable to Common Stock	**$ 4,176**	$ 4,762	(12.3)%
Basic Earnings Per Share Attributable to Common Stock			
From continuing operations	**$ 0.58**	$ 0.66	(12.1)%
From discontinued operations	**$ —**	$ —	— %
	$ 0.58	$ 0.66	(12.1)%
Weighted Average Common Shares Outstanding (000,000)	**7,168**	7,184	(0.2)%
Diluted Earnings Per Share Attributable to Common Stock			
From continuing operations	**$ 0.57**	$ 0.65	(12.3)%
From discontinued operations	**$ —**	$ —	— %
	$ 0.57	$ 0.65	(12.3)%
Weighted Average Common Shares Outstanding with Dilution (000,000)	**7,474**	7,556	(1.1)%

AT&T Inc.
Financial Data

Consolidated Balance Sheets		
Dollars in millions *Unaudited*	**Mar. 31, 2023**	Dec. 31, 2022
Assets		
Current Assets		
Cash and cash equivalents	**$ 2,821**	$ 3,701
Accounts receivable – net of related allowances for credit loss of $619 and $588	**10,214**	11,466
Inventories	**2,791**	3,123
Prepaid and other current assets	**14,077**	14,818
Total current assets	**29,903**	33,108
Property, Plant and Equipment – Net	**128,458**	127,445
Goodwill – Net	**67,895**	67,895
Licenses – Net	**124,502**	124,092
Other Intangible Assets – Net	**5,346**	5,354
Investments in and Advances to Equity Affiliates	**2,810**	3,533
Operating Lease Right-Of-Use Assets	**21,619**	21,814
Other Assets	**20,340**	19,612
Total Assets	**$ 400,873**	$ 402,853
Liabilities and Stockholders' Equity		
Current Liabilities		
Debt maturing within one year	**$ 13,757**	$ 7,467
Note payable to DIRECTV	**—**	130
Accounts payable and accrued liabilities	**38,389**	42,644
Advanced billings and customer deposits	**3,922**	3,918
Dividends payable	**2,082**	2,014
Total current liabilities	**58,150**	56,173
Long-Term Debt	**123,727**	128,423
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	**57,294**	57,032
Postemployment benefit obligation	**7,060**	7,260
Operating lease liabilities	**18,413**	18,659
Other noncurrent liabilities	**27,883**	28,849
Total deferred credits and other noncurrent liabilities	**110,650**	111,800
Stockholders' Equity		
Preferred stock	**—**	—
Common stock	**7,621**	7,621
Additional paid-in capital	**120,774**	123,610
Retained (deficit) earnings	**(15,187)**	(19,415)
Treasury stock	**(16,166)**	(17,082)
Accumulated other comprehensive income	**2,354**	2,766
Noncontrolling interest	**8,950**	8,957
Total stockholders' equity	**108,346**	106,457
Total Liabilities and Stockholders' Equity	**$ 400,873**	$ 402,853

Consolidated Statements of Cash Flows		
Dollars in millions		
Unaudited	First Quarter	
	2023	2022
Operating Activities		
Income from continuing operations	**$ 4,453**	$ 5,149
Adjustments to reconcile income from continuing operations to net cash provided by operating activities from continuing operations:		
Depreciation and amortization	**4,631**	4,462
Provision for uncollectible accounts	**477**	430
Deferred income tax expense	**529**	1,150
Net (gain) loss on investments, net of impairments	**(93)**	87
Pension and postretirement benefit expense (credit)	**(670)**	(940)
Actuarial (gain) loss on pension and postretirement benefits	**—**	(1,053)
Changes in operating assets and liabilities:		
Receivables	**620**	864
Other current assets	**364**	244
Accounts payable and other accrued liabilities	**(3,409)**	(2,651)
Equipment installment receivables and related sales	**(243)**	541
Deferred customer contract acquisition and fulfillment costs	**(22)**	(259)
Postretirement claims and contributions	**(89)**	(97)
Other - net	**130**	(297)
Total adjustments	**2,225**	2,481
Net Cash Provided by Operating Activities from Continuing Operations	**6,678**	7,630
Investing Activities		
Capital expenditures	**(4,335)**	(4,568)
Acquisitions, net of cash acquired	**(291)**	(9,244)
Dispositions	**15**	7
Distributions from DIRECTV in excess of cumulative equity in earnings	**774**	1,315
Other - net	**19**	32
Net Cash Used in Investing Activities from Continuing Operations	**(3,818)**	(12,458)
Financing Activities		
Net change in short-term borrowings with original maturities of three months or less	**(536)**	2,285
Issuance of other short-term borrowings	**3,627**	2,593
Repayment of other short-term borrowings	**—**	(3,407)
Issuance of long-term debt	**3,366**	479
Repayment of long-term debt	**(5,945)**	(790)
Repayment of note payable to DIRECTV	**(130)**	(294)
Payment of vendor financing	**(2,113)**	(1,566)
Purchase of treasury stock	**(188)**	(197)
Issuance of treasury stock	**3**	26
Dividends paid	**(2,014)**	(3,749)
Other - net	**219**	(930)
Net Cash Used in Financing Activities from Continuing Operations	**(3,711)**	(5,550)
Net decrease in cash and cash equivalents and restricted cash from continuing operations	**(851)**	(10,378)
Cash flows from Discontinued Operations:		
Cash (used in) provided by operating activities	**—**	(1,898)
Cash provided by (used in) investing activities	**—**	(193)
Cash provided by (used in) financing activities	**—**	29,801
Net increase (decrease) in cash and cash equivalents and restricted cash from discontinued operations	**—**	27,710
Net (decrease) increase in cash and cash equivalents and restricted cash	**$ (851)**	$ 17,332
Cash and cash equivalents and restricted cash beginning of year	**3,793**	21,316
Cash and Cash Equivalents and Restricted Cash End of Period	**$ 2,942**	$ 38,648

AT&T Inc.
Consolidated Supplementary Data

Supplementary Financial Data			
Dollars in millions except per share amounts			
Unaudited	First Quarter		Percent
	2023	2022	Change
Capital expenditures			
Purchase of property and equipment	**$ 4,291**	$ 4,532	(5.3) %
Interest during construction - capital expenditures	**44**	36	22.2 %
Total Capital Expenditures	**$ 4,335**	$ 4,568	(5.1) %
Acquisitions, net of cash acquired			
Business acquisitions	**$ —**	$ —	— %
Spectrum acquisitions	**63**	8,956	(99.3) %
Interest during construction - spectrum	**228**	288	(20.8) %
Total Acquisitions	**$ 291**	$ 9,244	(96.9) %
Cash paid for interest - continuing operations	**$ 1,971**	$ 2,154	(8.5) %
Cash paid for income taxes, net of refunds - continuing operations	**$ 10**	$ 72	(86.1) %
Dividends Declared per Common Share	**$0.2775**	$ 0.2775	— %
End of Period Common Shares Outstanding (000,000)	**7,149**	7,159	(0.1) %
Debt Ratio	**55.9 %**	48.5 %	740 BP
Total Employees	**157,790**	172,580	(8.6) %

COMMUNICATIONS SEGMENT

The Communications segment provides wireless and wireline telecom and broadband services to consumers located in the U.S. and businesses globally. The Communications segment contains three reporting units: Mobility, Business Wireline, and Consumer Wireline.

Results have been recast to remove prior service credits from our historical reporting.

Segment Results			
Dollars in millions			
Unaudited	First Quarter		Percent
	2023	2022	Change
Segment Operating Revenues			
Mobility	**$ 20,582**	$ 20,075	2.5 %
Business Wireline	**5,331**	5,640	(5.5)%
Consumer Wireline	**3,239**	3,161	2.5 %
Total Segment Operating Revenues	**29,152**	28,876	1.0 %
Operating Income			
Mobility	**6,271**	5,689	10.2 %
Business Wireline	**378**	639	(40.8)%
Consumer Wireline	**94**	159	(40.9)%
Total Operating Income	**$ 6,743**	$ 6,487	3.9 %

Supplementary Operating Data			
Subscribers and connections in thousands			
Unaudited	March 31,		Percent
	2023	2022	Change
Broadband Connections			
Broadband	**15,061**	15,130	(0.5)%
DSL	**284**	403	(29.5)%
Total Broadband Connections	**15,345**	15,533	(1.2)%
Voice Connections			
Retail Consumer Switched Access Lines	**4,938**	5,956	(17.1)%
U-verse Consumer VoIP Connections	**2,835**	3,227	(12.1)%
Total Retail Voice Connections	**7,773**	9,183	(15.4)%
	First Quarter		Percent
	2023	2022	Change
Broadband Net Additions			
Broadband	**(14)**	56	— %
DSL	**(27)**	(27)	— %
Total Broadband Net Additions	**(41)**	29	— %

Mobility

Mobility provides nationwide wireless service and equipment.

Mobility Results			
Dollars in millions *Unaudited*	First Quarter		Percent
	2023	2022	Change
Operating Revenues			
Service	**$ 15,483**	$ 14,724	5.2 %
Equipment	**5,099**	5,351	(4.7) %
Total Operating Revenues	**20,582**	20,075	2.5 %
Operating Expenses			
Operations and support	**12,213**	12,327	(0.9) %
Depreciation and amortization	**2,098**	2,059	1.9 %
Total Operating Expenses	**14,311**	14,386	(0.5) %
Operating Income	**$ 6,271**	$ 5,689	10.2 %
Operating Income Margin	**30.5 %**	28.3 %	220 BP

Supplementary Operating Data			
Subscribers and connections in thousands *Unaudited*	March 31,		Percent
	2023	2022	Change
Mobility Subscribers			
Postpaid	**85,421**	81,639	4.6 %
Postpaid phone	**70,049**	67,518	3.7 %
Prepaid	**19,200**	18,859	1.8 %
Reseller	**6,192**	5,383	15.0 %
Connected Devices	**112,026**	90,735	23.5 %
Total Mobility Subscribers[1]	**222,839**	196,616	13.3 %

[1] Wireless subscribers at March 31, 2023 includes an increase of 295 subscribers and connections (206 postpaid, including 74 phone, and 89 connected devices) resulting from our 3G network shutdown.

	First Quarter		Percent
	2023	2022	Change
Mobility Net Additions			
Postpaid Phone Net Additions	**424**	691	(38.6) %
Total Phone Net Additions	**464**	804	(42.3) %
Postpaid	**542**	965	(43.8) %
Prepaid	**40**	116	(65.5) %
Reseller	**108**	(17)	— %
Connected Devices	**4,457**	4,468	(0.2) %
Total Mobility Net Additions	**5,147**	5,532	(7.0) %
Postpaid Churn	**0.99 %**	0.94 %	5 BP
Postpaid Phone-Only Churn	**0.81 %**	0.79 %	2 BP

Business Wireline

Business Wireline provides advanced ethernet-based fiber services, IP Voice and managed professional services, as well as traditional voice and data services and related equipment to business customers.

Business Wireline Results			
Dollars in millions			
Unaudited	First Quarter		Percent
	2023	2022	Change
Operating Revenues			
Service	**$ 5,200**	$ 5,478	(5.1) %
Equipment	**131**	162	(19.1) %
Total Operating Revenues	**5,331**	5,640	(5.5) %
Operating Expenses			
Operations and support	**3,623**	3,702	(2.1) %
Depreciation and amortization	**1,330**	1,299	2.4 %
Total Operating Expenses	**4,953**	5,001	(1.0) %
Operating Income	**$ 378**	$ 639	(40.8) %
Operating Income Margin	**7.1 %**	11.3 %	(420) BP

Consumer Wireline

Consumer Wireline provides broadband services, including fiber connections that provide our multi-gig services to residential customers in select locations. Consumer Wireline also provides legacy telephony voice communication services.

Consumer Wireline Results			
Dollars in millions			
Unaudited	First Quarter		Percent
	2023	2022	Change
Operating Revenues			
Broadband	**$ 2,527**	$ 2,355	7.3 %
Legacy voice and data services	**396**	460	(13.9) %
Other service and equipment	**316**	346	(8.7) %
Total Operating Revenues	**3,239**	3,161	2.5 %
Operating Expenses			
Operations and support	**2,284**	2,236	2.1 %
Depreciation and amortization	**861**	766	12.4 %
Total Operating Expenses	**3,145**	3,002	4.8 %
Operating Income	**$ 94**	$ 159	(40.9) %
Operating Income Margin	**2.9 %**	5.0 %	(210) BP

Supplementary Operating Data			
Subscribers and connections in thousands			
Unaudited	March 31,		Percent
	2023	2022	Change
Broadband Connections			
Total Broadband and DSL Connections	**13,949**	14,148	(1.4) %
Broadband	**13,730**	13,850	(0.9) %
Fiber Broadband Connections	**7,487**	6,281	19.2 %
Voice Connections			
Retail Consumer Switched Access Lines	**1,921**	2,324	(17.3) %
U-verse Consumer VoIP Connections	**2,212**	2,628	(15.8) %
Total Retail Consumer Voice Connections	**4,133**	4,952	(16.5) %
	First Quarter		Percent
	2023	2022	Change
Broadband Net Additions			
Total Broadband and DSL Net Additions	**(42)**	(12)	— %
Broadband	**(23)**	5	— %
Fiber Broadband Net Additions	**272**	289	(5.9) %

LATIN AMERICA SEGMENT

The segment provides wireless services and equipment to customers in Mexico.

Segment Results				
Dollars in millions				
Unaudited	First Quarter		Percent	
	2023	2022	Change	
Operating Revenues				
Wireless service	**$ 591**	$ 490	20.6	%
Wireless equipment	**292**	200	46.0	%
Total Segment Operating Revenues	**883**	690	28.0	%
Operating Expenses				
Operations and support	**738**	631	17.0	%
Depreciation and amortization	**175**	161	8.7	%
Total Segment Operating Expenses	**913**	792	15.3	%
Operating Income (Loss)	**$ (30)**	$ (102)	70.6	%
Operating Income Margin	**(3.4)%**	(14.8)%	1,140	BP

Supplementary Operating Data				
Subscribers and connections in thousands				
Unaudited	March 31,		Percent	
	2023	2022	Change	
Mexico Wireless Subscribers				
Postpaid	**4,973**	4,810	3.4	%
Prepaid	**16,146**	15,235	6.0	%
Reseller	**494**	458	7.9	%
Total Mexico Wireless Subscribers	**21,613**	20,503	5.4	%
	First Quarter		Percent	
	2023	2022	Change	
Mexico Wireless Net Additions				
Postpaid	**49**	3	—	%
Prepaid	**(58)**	178	—	%
Reseller	**19**	(40)	—	%
Total Mexico Wireless Net Additions	**10**	141	(92.9)	%

SUPPLEMENTAL SEGMENT RECONCILIATION

Three Months Ended					
Dollars in millions					
Unaudited					
March 31, 2023					
	Revenues	Operations and Support Expenses	EBITDA	Depreciation and Amortization	Operating Income (Loss)
Communications					
Mobility	**$ 20,582**	**$ 12,213**	**$ 8,369**	**$ 2,098**	**$ 6,271**
Business Wireline	**5,331**	**3,623**	**1,708**	**1,330**	**378**
Consumer Wireline	**3,239**	**2,284**	**955**	**861**	**94**
Total Communications	**29,152**	**18,120**	**11,032**	**4,289**	**6,743**
Latin America - Mexico	**883**	**738**	**145**	**175**	**(30)**
Segment Total	**30,035**	**18,858**	**11,177**	**4,464**	**6,713**
Corporate and Other					
Corporate:					
DTV-related retained costs	**—**	**169**	**(169)**	**144**	**(313)**
Parent administration support	**(9)**	**374**	**(383)**	**1**	**(384)**
Securitization fees	**19**	**121**	**(102)**	**—**	**(102)**
Value portfolio	**94**	**28**	**66**	**5**	**61**
Total Corporate	**104**	**692**	**(588)**	**150**	**(738)**
Certain significant items	**—**	**(44)**	**44**	**17**	**27**
Total Corporate and Other	**104**	**648**	**(544)**	**167**	**(711)**
AT&T Inc.	**$ 30,139**	**$ 19,506**	**$ 10,633**	**$ 4,631**	**$ 6,002**

March 31, 2022

	Revenues	Operations and Support Expenses	EBITDA	Depreciation and Amortization	Operating Income (Loss)
Communications					
Mobility	$ 20,075	$ 12,327	$ 7,748	$ 2,059	$ 5,689
Business Wireline	5,640	3,702	1,938	1,299	639
Consumer Wireline	3,161	2,236	925	766	159
Total Communications	28,876	18,265	10,611	4,124	6,487
Latin America - Mexico	690	631	59	161	(102)
Segment Total	29,566	18,896	10,670	4,285	6,385
Corporate and Other					
Corporate:					
DTV-related retained costs	8	160	(152)	134	(286)
Parent administration support	(12)	347	(359)	6	(365)
Securitization fees	16	82	(66)	—	(66)
Value portfolio	134	37	97	10	87
Total Corporate	146	626	(480)	150	(630)
Certain significant items	—	191	(191)	27	(218)
Total Corporate and Other	146	817	(671)	177	(848)
AT&T Inc.	$ 29,712	$ 19,713	$ 9,999	$ 4,462	$ 5,537

Discussion and Reconciliation of Non-GAAP Measures for Continuing Operations

We believe the following measures are relevant and useful information to investors as they are part of AT&T's internal management reporting and planning processes and are important metrics that management uses to evaluate the operating performance of AT&T and its segments. Management also uses these measures as a method of comparing performance with that of many of our competitors. These measures should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with U.S. generally accepted accounting principles (GAAP).

Free Cash Flow

Free cash flow is defined as cash from operations and cash distributions from DIRECTV classified as investing activities minus capital expenditures and cash paid for vendor financing (classified as financing activities). Free cash flow after dividends is defined as cash from operations and cash distributions from DIRECTV, minus capital expenditures, cash paid for vendor financing and dividends on common and preferred shares. Free cash flow dividend payout ratio is defined as the percentage of dividends paid on common and preferred shares to free cash flow. We believe these metrics provide useful information to our investors because management views free cash flow as an important indicator of how much cash is generated by routine business operations, including capital expenditures and vendor financing, and from our continued economic interest in the U.S. video operations as part of our DIRECTV equity method investment, and makes decisions based on it. Management also views free cash flow as a measure of cash available to pay debt and return cash to shareowners.

Free Cash Flow and Free Cash Flow Dividend Payout Ratio

Dollars in millions

	First Quarter	
	2023	2022
Net cash provided by operating activities from continuing operations[1]	**$ 6,678**	$ 7,630
Add: Distributions from DIRECTV classified as investing activities	**774**	1,315
Less: Capital expenditures	**(4,335)**	(4,568)
Less: Cash paid for vendor financing	**(2,113)**	(1,566)
Free Cash Flow	**1,004**	2,811
Less: Dividends paid	**(2,014)**	(3,749)
Free Cash Flow after Dividends	**$ (1,010)**	$ (938)
Free Cash Flow Dividend Payout Ratio	**200.6 %**	133.4 %

[1] Includes distributions from DIRECTV of $534 in the first quarter of 2023 and $522 in the first quarter of 2022.

Cash Paid for Capital Investment

In connection with capital improvements, we negotiate with some of our vendors to obtain favorable payment terms of 120 days or more, referred to as vendor financing, which are excluded from capital expenditures and reported in accordance with GAAP as financing activities. We present an additional view of cash paid for capital investment to provide investors with a comprehensive view of cash used to invest in our networks, product developments and support systems.

Cash Paid for Capital Investment

Dollars in millions

	First Quarter	
	2023	2022
Capital Expenditures	**$ (4,335)**	$ (4,568)
Cash paid for vendor financing	**(2,113)**	(1,566)
Cash paid for Capital Investment	**$ (6,448)**	$ (6,134)

EBITDA

Our calculation of EBITDA, as presented, may differ from similarly titled measures reported by other companies. For AT&T, EBITDA excludes other income (expense) – net, and equity in net income (loss) of affiliates, as these do not reflect the operating results of our subscriber base or operations that are not under our control. Equity in net income (loss) of affiliates represents the proportionate share of the net income (loss) of affiliates in which we exercise significant influence, but do not control. Because we do not control these entities, management excludes these results when evaluating the performance of our primary operations. EBITDA also excludes interest expense and the provision for income taxes. Excluding these items

eliminates the expenses associated with our capital and tax structures. Finally, EBITDA excludes depreciation and amortization in order to eliminate the impact of capital investments. EBITDA does not give effect to cash used for debt service requirements and thus does not reflect available funds for distributions, reinvestment or other discretionary uses. EBITDA is not presented as an alternative measure of operating results or cash flows from operations, as determined in accordance with GAAP.

EBITDA service margin is calculated as EBITDA divided by service revenues.

These measures are used by management as a gauge of our success in acquiring, retaining and servicing subscribers because we believe these measures reflect AT&T's ability to generate and grow subscriber revenues while providing a high level of customer service in a cost-effective manner. Management also uses these measures as a method of comparing cash generation potential with that of many of its competitors. The financial and operating metrics which affect EBITDA include the key revenue and expense drivers for which management is responsible and upon which we evaluate performance.

We believe EBITDA Service Margin (EBITDA as a percentage of service revenues) to be a more relevant measure than EBITDA Margin (EBITDA as a percentage of total revenue) for our Mobility business unit operating margin. We also use wireless service revenues to calculate margin to facilitate comparison, both internally and externally with our wireless competitors, as they calculate their margins using wireless service revenues as well.

There are material limitations to using these non-GAAP financial measures. EBITDA, EBITDA margin and EBITDA service margin, as we have defined them, may not be comparable to similarly titled measures reported by other companies. Furthermore, these performance measures do not take into account certain significant items, including depreciation and amortization, interest expense, tax expense and equity in net income (loss) of affiliates. For market comparability, management analyzes performance measures that are similar in nature to EBITDA as we present it, and considering the economic effect of the excluded expense items independently as well as in connection with its analysis of net income as calculated in accordance with GAAP. EBITDA, EBITDA margin and EBITDA service margin should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with GAAP.

EBITDA, EBITDA Margin and EBITDA Service Margin

Dollars in millions

	First Quarter	
	2023	2022
Income from Continuing Operations	**$ 4,453**	$ 5,149
Additions:		
Income Tax Expense	**1,314**	1,440
Interest Expense	**1,708**	1,626
Equity in Net (Income) of Affiliates	**(538)**	(521)
Other (Income) Expense - Net	**(935)**	(2,157)
Depreciation and amortization	**4,631**	4,462
EBITDA	**10,633**	9,999
Transaction and other costs	**—**	98
Benefit-related (gain) loss	**(44)**	93
Adjusted EBITDA[1]	**$ 10,589**	$ 10,190

[1] See "Adjusting Items" section for additional discussion and reconciliation of adjusted items.

Segment and Business Unit EBITDA, EBITDA Margin and EBITDA Service Margin				
Dollars in millions				
	First Quarter			
	2023		2022	
Communications Segment				
Operating Income	**$**	**6,743**	$	6,487
Add: Depreciation and amortization		**4,289**		4,124
EBITDA	**$**	**11,032**	$	10,611
Total Operating Revenues	**$**	**29,152**	$	28,876
Operating Income Margin		**23.1 %**		22.5 %
EBITDA Margin		**37.8 %**		36.7 %
Mobility				
Operating Income	**$**	**6,271**	$	5,689
Add: Depreciation and amortization		**2,098**		2,059
EBITDA	**$**	**8,369**	$	7,748
Total Operating Revenues	**$**	**20,582**	$	20,075
Service Revenues		**15,483**		14,724
Operating Income Margin		**30.5 %**		28.3 %
EBITDA Margin		**40.7 %**		38.6 %
EBITDA Service Margin		**54.1 %**		52.6 %
Business Wireline				
Operating Income	**$**	**378**	$	639
Add: Depreciation and amortization		**1,330**		1,299
EBITDA	**$**	**1,708**	$	1,938
Total Operating Revenues	**$**	**5,331**	$	5,640
Operating Income Margin		**7.1 %**		11.3 %
EBITDA Margin		**32.0 %**		34.4 %
Consumer Wireline				
Operating Income	**$**	**94**	$	159
Add: Depreciation and amortization		**861**		766
EBITDA	**$**	**955**	$	925
Total Operating Revenues	**$**	**3,239**	$	3,161
Operating Income Margin		**2.9 %**		5.0 %
EBITDA Margin		**29.5 %**		29.3 %
Latin America Segment				
Operating Income (Loss)	**$**	**(30)**	$	(102)
Add: Depreciation and amortization		**175**		161
EBITDA	**$**	**145**	$	59
Total Operating Revenues	**$**	**883**	$	690
Operating Income Margin		**-3.4 %**		-14.8 %
EBITDA Margin		**16.4 %**		8.6 %

Adjusting Items

Adjusting items include revenues and costs we consider non-operational in nature, including items arising from asset acquisitions or dispositions, including the amortization of intangible assets. While the expense associated with the amortization of certain wireless licenses and customer lists is excluded, the revenue of the acquired companies is reflected in the measure and that those assets contribute to revenue generation. We also adjust for net actuarial gains or losses associated with our pension and postemployment benefit plans due to the often-significant impact on our results (we immediately recognize this gain or loss in the income statement, pursuant to our accounting policy for the recognition of actuarial gains and losses). Consequently, our adjusted results reflect an expected return on plan assets rather than the actual return on plan assets, as included in the GAAP measure of income. Prior periods have been recast for consistency to include gains on benefit-related and other cost investments.

The tax impact of adjusting items is calculated using the effective tax rate during the quarter except for adjustments that, given their magnitude, can drive a change in the effective tax rate, in these cases we use the actual tax expense or combined marginal rate of approximately 25%.

Adjusting Items

Dollars in millions

	First Quarter	
	2023	2022
Operating Expenses		
Transaction and other costs	**$ —**	$ 98
Benefit-related (gain) loss	**(44)**	93
Adjustments to Operations and Support Expenses	**(44)**	191
Amortization of intangible assets	**17**	27
Adjustments to Operating Expenses	**(27)**	218
Other		
DIRECTV intangible amortization (proportionate share)	**341**	416
Benefit-related (gain) loss and other	**(111)**	92
Actuarial (gain) loss	**—**	(1,053)
Adjustments to Income Before Income Taxes	**203**	(327)
Tax impact of adjustments	**46**	(103)
Adjustments to Net Income	**$ 157**	$ (224)

Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITDA service margin and Adjusted diluted EPS are non-GAAP financial measures calculated by excluding from operating revenues, operating expenses and income tax expense, certain significant items that are non-operational or non-recurring in nature, including dispositions and merger integration and transaction costs, actuarial gains and losses, significant abandonments and impairment, benefit-related gains and losses, employee separation and other material gains and losses. Management believes that these measures provide relevant and useful information to investors and other users of our financial data in evaluating the effectiveness of our operations and underlying business trends.

Adjusted Operating Revenues, Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITDA service margin and Adjusted diluted EPS should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with GAAP. AT&T's calculation of Adjusted items, as presented, may differ from similarly titled measures reported by other companies.

Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted EBITDA, and Adjusted EBITDA Margin

Dollars in millions

	First Quarter	
	2023	2022
Operating Income	**$ 6,002**	$ 5,537
Adjustments to Operating Expenses	**(27)**	218
Adjusted Operating Income	**$ 5,975**	$ 5,755
EBITDA	**$ 10,633**	$ 9,999
Adjustments to Operations and Support Expenses	**(44)**	191
Adjusted EBITDA	**$ 10,589**	$ 10,190
Total Operating Revenues	**$ 30,139**	$ 29,712
Operating Income Margin	**19.9 %**	18.6 %
Adjusted Operating Income Margin	**19.8 %**	19.4 %
Adjusted EBITDA Margin	**35.1 %**	34.3 %

Adjusted Diluted EPS

	First Quarter	
	2023	2022
Diluted Earnings Per Share (EPS)	**$ 0.57**	$ 0.65
DIRECTV intangible amortization (proportionate share)	**0.04**	0.04
Actuarial (gain) loss	**—**	(0.11)
Benefit-related, transaction and other costs[1]	**(0.01)**	0.05
Adjusted EPS	**$ 0.60**	$ 0.63
Year-over-year growth - Adjusted	**-4.8%**	
Weighted Average Common Shares Outstanding with Dilution (000,000)	**7,474**	7,556

[1] As of January 1, 2022, we adopted, through retrospective application, Accounting Standards Update (ASU) No. 2020-06, which requires that instruments which may be settled in cash or stock to be presumed settled in stock in calculating diluted EPS. While our intent is to settle the Mobility II preferred interests in cash, the ability to settle this instrument in AT&T shares will result in additional dilutive impact, the magnitude of which is influenced by the fair value of the Mobility II preferred interests and the average AT&T common stock price during the reporting period, which could vary from period-to-period. For these reasons, we have excluded the impact of ASU 2020-06 from our adjusted EPS calculation. The per share impact of ASU 2020-06 was to decrease reported diluted EPS $0.01 and $0.01 for the quarters ended March 31, 2023 and 2022, respectively. The Mobility II preferred interests were repurchased on April 5, 2023.

Net Debt to Adjusted EBITDA

Net Debt to EBITDA ratios are non-GAAP financial measures frequently used by investors and credit rating agencies and management believes these measures provide relevant and useful information to investors and other users of our financial data. Our Net Debt to Adjusted EBITDA ratio is calculated by dividing the Net Debt by the sum of the most recent four quarters Adjusted EBITDA. Net Debt is calculated by subtracting cash and cash equivalents and certificates of deposit and time deposits that are greater than 90 days, from the sum of debt maturing within one year and long-term debt.

Net Debt to Adjusted EBITDA - 2023

Dollars in millions

	Three Months Ended				
	June 30, 2022[1]	Sept. 30, 2022[1]	Dec. 31, 2022[1]	March 31, 2023	**Four Quarters**
Adjusted EBITDA	$ 10,330	$ 10,714	$ 10,231	$ 10,589	**$ 41,864**
End-of-period current debt					**13,757**
End-of-period long-term debt					**123,727**
Total End-of-Period Debt					**137,484**
Less: Cash and Cash Equivalents					**2,821**
Net Debt Balance					**134,663**
Annualized Net Debt to Adjusted EBITDA Ratio					**3.22**

[1] As reported in AT&T's Form 8-K filed January 25, 2023.

Net Debt to Adjusted EBITDA - 2022

Dollars in millions

	Three Months Ended				
	June 30, 2021[1]	Sept. 30, 2022[1]	Dec. 31, 2022[1]	March 31, 2022[1]	Four Quarters
Adjusted EBITDA	$ 11,931	$ 10,803	$ 9,480	$ 10,190	$ 42,404
End-of-period current debt					27,209
End-of-period long-term debt					148,820
Total End-of-Period Debt					176,029
Less: Cash and Cash Equivalents					17,084
Net Debt Balance					158,945
Annualized Net Debt to Adjusted EBITDA Ratio					3.75

[1] As reported in AT&T's Form 8-K filed January 25, 2023.

Supplemental Operational Measures

As a supplemental presentation to our Communications segment operating results, we are providing a view of our AT&T Business Solutions results which includes both wireless and fixed operations. This combined view presents a complete profile of the entire business customer relationship and underscores the importance of mobile solutions to serving our business customers. Our supplemental presentation of business solutions operations is calculated by combining our Mobility and Business Wireline operating units, and then adjusting to remove non-business operations. The following table presents a reconciliation of our supplemental Business Solutions results.

Supplemental Operational Measure

	First Quarter								
	March 31, 2023				March 31, 2022				
	Mobility	**Business Wireline**	**Adj.[1]**	**Business Solutions**	Mobility	Business Wireline	Adj.[1]	Business Solutions	Percent Change
Operating Revenues									
Wireless service	**$ 15,483**	**$ —**	**$ (13,203)**	**$ 2,280**	$ 14,724	$ —	$ (12,590)	$ 2,134	6.8 %
Wireline service	**—**	**5,200**	**—**	**5,200**	—	5,478	—	5,478	(5.1) %
Wireless equipment	**5,099**	**—**	**(4,326)**	**773**	5,351	—	(4,452)	899	(14.0) %
Wireline equipment	**—**	**131**	**—**	**131**	—	162	—	162	(19.1) %
Total Operating Revenues	**20,582**	**5,331**	**(17,529)**	**8,384**	20,075	5,640	(17,042)	8,673	(3.3) %
Operating Expenses									
Operations and support	**12,213**	**3,623**	**(10,196)**	**5,640**	12,327	3,702	(10,169)	5,860	(3.8) %
EBITDA	**8,369**	**1,708**	**(7,333)**	**2,744**	7,748	1,938	(6,873)	2,813	(2.5) %
Depreciation and amortization	**2,098**	**1,330**	**(1,712)**	**1,716**	2,059	1,299	(1,698)	1,660	3.4 %
Total Operating Expenses	**14,311**	**4,953**	**(11,908)**	**7,356**	14,386	5,001	(11,867)	7,520	(2.2) %
Operating Income	**$ 6,271**	**$ 378**	**$ (5,621)**	**$ 1,028**	$ 5,689	$ 639	$ (5,175)	$ 1,153	(10.8) %
Operating Income Margin				12.3 %				13.3 %	(100) BP

[1] Non-business wireless reported in the Communications segment under the Mobility business unit.
Results have been recast to conform to the current period's classification.


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