AT&T

Supplemental Free Cash Flow Walk from Adjusted EBITDA

Dollars in millions

Unaudited

	1Q22	2Q22	3Q22	4Q22	1Q23
Adjusted EBITDA	$ 10,190	$ 10,330	$ 10,714	$ 10,231	$ 10,589
Noncash Adj to EBITDA:					
Bad debt expense	430	440	453	542	477
Working capital[1]	(1,261)	(1,505)	(123)	1,040	(2,690)
Cash paid for interest[2]	(1,830)	(1,516)	(1,628)	(1,504)	(1,699)
Cash paid for taxes	(72)	(266)	(62)	(192)	(10)
Capital investment	(6,134)	(6,679)	(6,821)	(4,689)	(6,448)
Cash received from DIRECTV[3]	1,837	838	959	823	1,308
Other	(349)	(258)	348	(148)	(523)
Free Cash Flow	$ 2,811	$ 1,384	$ 3,840	$ 6,103	$ 1,004

Adjusted EBITDA and capital investment are non-GAAP measures; reconciliations are available in our Forms 8-K dated April 20, 2023 and January 25, 2023

[1] Changes in operating assets and liabilities

[2] Cash paid for interest less interest capitalized for capital expenditures and spectrum acquisitions. Capitalized interest was ~$50M lower in 1Q23 as compared to the same period in 2022.

[3] Includes distributions from DIRECTV reported as cash from operations and distributions classified as investing activities