AT&T

1Q2025 EARNINGS

Financial and Operational Schedules & Non-GAAP Reconciliations

April 23, 2025

AT&T Inc.
Financial Data

Consolidated Statements of Income

Dollars in millions except per share amounts

Unaudited

	First Quarter		Percent
	2025	2024	Change
Operating Revenues			
Service	**$ 25,138**	$ 24,842	1.2 %
Equipment	**5,488**	5,186	5.8 %
Total Operating Revenues	**30,626**	30,028	2.0 %
Operating Expenses			
Cost of revenues			
Equipment	**5,694**	5,143	10.7 %
Other cost of revenues (exclusive of depreciation and amortization shown separately below)	**6,339**	6,811	(6.9)%
Selling, general and administrative	**7,145**	7,021	1.8 %
Asset impairments and abandonments and restructuring	**504**	159	— %
Depreciation and amortization	**5,190**	5,047	2.8 %
Total Operating Expenses	**24,872**	24,181	2.9 %
Operating Income	**5,754**	5,847	(1.6)%
Interest Expense	**1,658**	1,724	(3.8)%
Equity in Net Income of Affiliates	**1,440**	295	— %
Other Income (Expense) — Net	**455**	451	0.9 %
Income Before Income Taxes	**5,991**	4,869	23.0 %
Income Tax Expense	**1,299**	1,118	16.2 %
Net Income	**4,692**	3,751	25.1 %
Net Income Attributable to Noncontrolling Interest	**(341)**	(306)	(11.4)%
Net Income Attributable to AT&T	**$ 4,351**	$ 3,445	26.3 %
Preferred Stock Dividends and Redemption Gain	**44**	(50)	— %
Net Income Attributable to Common Stock	**$ 4,395**	$ 3,395	29.5 %
Basic Earnings Per Share Attributable to Common Stock	**$ 0.61**	$ 0.47	29.8 %
Weighted Average Common Shares Outstanding (000,000)	**7,213**	7,192	0.3 %
Diluted Earnings Per Share Attributable to Common Stock	**$ 0.61**	$ 0.47	29.8 %
Weighted Average Common Shares Outstanding with Dilution (000,000)	**7,223**	7,193	0.4 %

Consolidated Balance Sheets				
Dollars in millions				
		Mar. 31, 2025		Dec. 31, 2024
Assets		**(Unaudited)**		
Current Assets				
Cash and cash equivalents	**$**	**6,885**	$	3,298
Accounts receivable – net of related allowances for credit loss of $357 and $375		**9,228**		9,638
Inventories		**2,593**		2,270
Prepaid and other current assets		**15,074**		15,962
Total current assets		**33,780**		31,168
Property, Plant and Equipment – Net		**128,453**		128,871
Goodwill – Net		**63,432**		63,432
Licenses – Net		**127,344**		127,035
Other Intangible Assets – Net		**5,255**		5,255
Investments in and Advances to Equity Affiliates		**942**		295
Operating Lease Right-Of-Use Assets		**21,006**		20,909
Other Assets		**17,255**		17,830
Total Assets	**$**	**397,467**	$	394,795
Liabilities and Stockholders' Equity				
Current Liabilities				
Debt maturing within one year	**$**	**8,902**	$	5,089
Accounts payable and accrued liabilities		**33,113**		35,657
Advanced billings and customer deposits		**3,951**		4,099
Dividends payable		**2,033**		2,027
Total current liabilities		**47,999**		46,872
Long-Term Debt		**117,259**		118,443
Deferred Credits and Other Noncurrent Liabilities				
Noncurrent deferred tax liabilities		**59,144**		58,939
Postemployment benefit obligation		**9,040**		9,025
Operating lease liabilities		**17,433**		17,391
Other noncurrent liabilities		**24,753**		23,900
Total deferred credits and other noncurrent liabilities		**110,370**		109,255
Redeemable Noncontrolling Interest		**1,981**		1,980
Stockholders' Equity				
Preferred stock		**—**		—
Common stock		**7,621**		7,621
Additional paid-in capital		**106,302**		109,108
Retained earnings		**4,215**		1,871
Treasury stock		**(14,252)**		(15,023)
Accumulated other comprehensive income (loss)		**(142)**		795
Noncontrolling interest		**16,114**		13,873
Total stockholders' equity		**119,858**		118,245
Total Liabilities and Stockholders' Equity	**$**	**397,467**	$	394,795

Consolidated Statements of Cash Flows		
Dollars in millions		
Unaudited	First Quarter	
	2025	2024
Operating Activities		
Net income	**$ 4,692**	$ 3,751
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**5,190**	5,047
Provision for uncollectible accounts	**516**	472
Asset impairments and abandonments and restructuring	**504**	159
Pension and postretirement benefit expense (credit)	**(397)**	(471)
Net (gain) loss on investments	**81**	201
Changes in operating assets and liabilities:		
Receivables	**15**	512
Equipment installment receivables and related sales	**1,212**	24
Contract asset and cost deferral	**(147)**	101
Inventories, prepaid and other current assets	**(661)**	(24)
Accounts payable and other accrued liabilities	**(3,297)**	(3,419)
Changes in income taxes	**1,285**	1,141
Postretirement claims and contributions	**(68)**	(54)
Other - net	**124**	107
Total adjustments	**4,357**	3,796
Net Cash Provided by Operating Activities	**9,049**	7,547
Investing Activities		
Capital expenditures	**(4,277)**	(3,758)
Acquisitions, net of cash acquired	**(20)**	(211)
Dispositions	**11**	8
Distributions from DIRECTV in excess of cumulative equity in earnings	**—**	194
(Purchases), sales and settlements of securities and investments - net	**45**	1,079
Other - net	**(717)**	(273)
Net Cash Used in Investing Activities	**(4,958)**	(2,961)
Financing Activities		
Net change in short-term borrowings with original maturities of three months or less	**—**	1,933
Issuance of other short-term borrowings	**—**	491
Repayment of other short-term borrowings	**—**	(1,996)
Issuance of long-term debt	**2,956**	—
Repayment of long-term debt	**(1,526)**	(4,685)
Payment of vendor financing	**(203)**	(841)
Redemption of preferred stock	**(2,075)**	—
Purchase of treasury stock	**(218)**	(157)
Issuance of treasury stock	**17**	—
Issuance of preferred interests in subsidiary	**2,221**	—
Dividends paid	**(2,091)**	(2,034)
Other - net	**366**	(526)
Net Cash Used in Financing Activities	**(553)**	(7,815)
Net increase (decrease) in cash and cash equivalents and restricted cash	**3,538**	(3,229)
Cash and cash equivalents and restricted cash beginning of year	**3,406**	6,833
Cash and Cash Equivalents and Restricted Cash End of Period	**$ 6,944**	$ 3,604

AT&T Inc.
Consolidated Supplementary Data

Supplementary Financial Data			
Dollars in millions except per share amounts			
Unaudited	First Quarter		Percent
	2025	2024	Change
Capital expenditures			
Purchase of property and equipment	**$ 4,240**	$ 3,721	13.9 %
Interest during construction	**37**	37	— %
Total Capital Expenditures	**$ 4,277**	$ 3,758	13.8 %
Acquisitions, net of cash acquired			
Business acquisitions	**$ —**	$ —	— %
Spectrum acquisitions	**1**	145	(99.3) %
Interest during construction - spectrum	**19**	66	(71.2) %
Total Acquisitions	**$ 20**	$ 211	(90.5) %
Cash paid for interest	**$ 1,804**	$ 2,077	(13.1) %
Cash paid for income taxes, net of (refunds)	**$ 11**	$ (9)	— %
Dividends Declared per Common Share	**$0.2775**	$ 0.2775	— %
End of Period Common Shares Outstanding (000,000)	**7,196**	7,170	0.4 %
Debt Ratio	**50.9 %**	52.4 %	(150) BP
Total Employees	**139,970**	148,290	(5.6) %

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.

Segment Results			
Dollars in millions			
Unaudited	First Quarter		Percent
	2025	2024	Change
Segment Operating Revenues			
Mobility	**$ 21,570**	$ 20,594	4.7 %
Business Wireline	**4,468**	4,913	(9.1) %
Consumer Wireline	**3,522**	3,350	5.1 %
Total Segment Operating Revenues	**29,560**	28,857	2.4 %
Segment Operating Income (Loss)			
Mobility	**6,740**	6,468	4.2 %
Business Wireline	**(98)**	64	— %
Consumer Wireline	**349**	213	63.8 %
Total Segment Operating Income	**$ 6,991**	$ 6,745	3.6 %
Operating Income Margin	**23.7 %**	23.4 %	30 BP

Mobility

Mobility provides nationwide wireless service and equipment.

Mobility Results			
Dollars in millions *Unaudited*	First Quarter		Percent
	2025	2024	Change
Operating Revenues			
Service	**$ 16,651**	$ 15,994	4.1 %
Equipment	**4,919**	4,600	6.9 %
Total Operating Revenues	**21,570**	20,594	4.7 %
Operating Expenses			
Operations and support	**12,304**	11,639	5.7 %
Depreciation and amortization	**2,526**	2,487	1.6 %
Total Operating Expenses	**14,830**	14,126	5.0 %
Operating Income	**$ 6,740**	$ 6,468	4.2 %
Operating Income Margin	**31.2 %**	31.4 %	(20) BP

Supplementary Operating Data			
Subscribers and connections in thousands *Unaudited*	March 31,		Percent
	2025	2024	Change
Mobility Subscribers			
Postpaid	**89,463**	87,450	2.3 %
Postpaid phone	**73,031**	71,558	2.1 %
Prepaid	**18,955**	19,211	(1.3) %
Reseller	**9,542**	7,852	21.5 %
Total Mobility Subscribers	**117,960**	114,513	3.0 %
	First Quarter		Percent
	2025	2024	Change
Mobility Net Additions			
Postpaid Phone Net Additions	**324**	349	(7.2) %
Total Phone Net Additions	**304**	350	(13.1) %
Postpaid	**290**	389	(25.4) %
Prepaid	**(34)**	1	— %
Reseller	**(136)**	351	— %
Total Mobility Net Additions[1]	**120**	741	(83.8) %
Postpaid Churn	**0.99 %**	0.89 %	10 BP
Postpaid Phone-Only Churn	**0.83 %**	0.72 %	11 BP

[1] Excludes migrations between wireless subscriber categories, including connected devices, and acquisition-related activity during the period.

Business Wireline

Business Wireline provides advanced ethernet-based fiber services, IP Voice and managed professional services, our fixed wireless access product, traditional voice and data services and related equipment to business customers.

Business Wireline Results			
Dollars in millions *Unaudited*	First Quarter		Percent
	2025	2024	Change
Operating Revenues			
Legacy and other transitional services	**$ 2,475**	$ 2,997	(17.4) %
Fiber and advanced connectivity services	**1,780**	1,703	4.5 %
Equipment	**213**	213	— %
Total Operating Revenues	**4,468**	4,913	(9.1) %
Operating Expenses			
Operations and support	**3,068**	3,487	(12.0) %
Depreciation and amortization	**1,498**	1,362	10.0 %
Total Operating Expenses	**4,566**	4,849	(5.8) %
Operating Income (Loss)	**$ (98)**	$ 64	— %
Operating Income Margin	**(2.2)%**	1.3 %	(350) BP

Consumer Wireline

Consumer Wireline provides broadband services, including fiber connections that provide multi-gig services, and AT&T Internet Air (AIA) 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
	2025	2024	Change
Operating Revenues			
Broadband	**$ 2,984**	$ 2,722	9.6 %
Legacy voice and data services	**286**	342	(16.4) %
Other service and equipment	**252**	286	(11.9) %
Total Operating Revenues	**3,522**	3,350	5.1 %
Operating Expenses			
Operations and support	**2,224**	2,256	(1.4) %
Depreciation and amortization	**949**	881	7.7 %
Total Operating Expenses	**3,173**	3,137	1.1 %
Operating Income	**$ 349**	$ 213	63.8 %
Operating Income Margin	**9.9 %**	6.4 %	350 BP

Supplementary Operating Data			
Subscribers and connections in thousands			
Unaudited	March 31,		Percent
	2025	2024	Change
Broadband Connections			
Broadband[1]	**14,112**	13,784	2.4 %
Fiber Broadband Connections	**9,592**	8,559	12.1 %
	First Quarter		Percent
	2025	2024	Change
Broadband Net Additions			
Broadband Net Additions[1,2]	**137**	55	— %
Fiber Broadband Net Additions	**261**	252	3.6 %

[1] Includes AIA.

[2] First-quarter 2025 excludes the impact of subscriber disconnections resulting from the termination of AIA services in areas with unfavorable regulatory requirements.

LATIN AMERICA SEGMENT

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

Segment Results			
Dollars in millions			
Unaudited	First Quarter		Percent
	2025	2024	Change
Operating Revenues			
Wireless service	**$ 615**	$ 690	(10.9) %
Wireless equipment	**356**	373	(4.6) %
Total Segment Operating Revenues	**971**	1,063	(8.7) %
Operating Expenses			
Operations and support	**778**	883	(11.9) %
Depreciation and amortization	**150**	177	(15.3) %
Total Segment Operating Expenses	**928**	1,060	(12.5) %
Operating Income	**$ 43**	$ 3	— %
Operating Income Margin	**4.4 %**	0.3 %	410 BP

Supplementary Operating Data			
Subscribers and connections in thousands			
Unaudited	March 31,		Percent
	2025	2024	Change
Mexico Wireless Subscribers			
Postpaid	**5,997**	5,352	12.1 %
Prepaid	**17,376**	16,742	3.8 %
Reseller	**235**	365	(35.6) %
Total Mexico Wireless Subscribers	**23,608**	22,459	5.1 %
	First Quarter		Percent
	2025	2024	Change
Mexico Wireless Net Additions			
Postpaid	**160**	116	37.9 %
Prepaid	**(110)**	79	— %
Reseller	**(18)**	(52)	65.4 %
Total Mexico Wireless Net Additions	**32**	143	(77.6) %

SUPPLEMENTAL SEGMENT RECONCILIATION

Three Months Ended				
Dollars in millions				
Unaudited				
March 31, 2025				
	Revenues	Operations and Support Expenses	Depreciation and Amortization	Operating Income (Loss)
Communications				
Mobility	**$ 21,570**	**$ 12,304**	**$ 2,526**	**$ 6,740**
Business Wireline	**4,468**	**3,068**	**1,498**	**(98)**
Consumer Wireline	**3,522**	**2,224**	**949**	**349**
Total Communications	**29,560**	**17,596**	**4,973**	**6,991**
Latin America	**971**	**778**	**150**	**43**
Segment Total	**30,531**	**18,374**	**5,123**	**7,034**
Corporate and Other				
Corporate:				
DTV-related retained costs	**—**	**56**	**50**	**(106)**
Parent administration support	**1**	**439**	**8**	**(446)**
Securitization fees	**28**	**214**	**—**	**(186)**
Value portfolio	**66**	**10**	**—**	**56**
Total Corporate	**95**	**719**	**58**	**(682)**
Certain significant items	**—**	**589**	**9**	**(598)**
Total Corporate and Other	**95**	**1,308**	**67**	**(1,280)**
AT&T Inc.	**$ 30,626**	**$ 19,682**	**$ 5,190**	**$ 5,754**

March 31, 2024

	Revenues	Operations and Support Expenses	Depreciation and Amortization	Operating Income (Loss)
Communications				
Mobility	$ 20,594	$ 11,639	$ 2,487	$ 6,468
Business Wireline	4,913	3,487	1,362	64
Consumer Wireline	3,350	2,256	881	213
Total Communications	28,857	17,382	4,730	6,745
Latin America	1,063	883	177	3
Segment Total	29,920	18,265	4,907	6,748
Corporate and Other				
Corporate:				
DTV-related retained costs	—	134	120	(254)
Parent administration support	—	392	1	(393)
Securitization fees	26	165	—	(139)
Value portfolio	82	26	4	52
Total Corporate	108	717	125	(734)
Certain significant items	—	152	15	(167)
Total Corporate and Other	108	869	140	(901)
AT&T Inc.	$ 30,028	$ 19,134	$ 5,047	$ 5,847

Discussion and Reconciliation of Non-GAAP Measures

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). Prior periods have been recast to conform to the current period presentation to remove cash flows and equity in net income from our investment in DIRECTV, which we have agreed to sell to TPG Capital.

Free Cash Flow

Free cash flow is defined as cash from operations minus cash flows related to our DIRECTV equity investment (cash distributions minus cash taxes from DIRECTV), minus capital expenditures and cash paid for vendor financing (classified as financing activities). Free cash flow after dividends is defined as cash from operations minus cash flows related to our DIRECTV equity investment, 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 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	
	2025	2024
Net Cash Provided by Operating Activities	**$ 9,049**	$ 7,547
Less: Distributions from DIRECTV classified as operating activities	**(1,423)**	(324)
Less: Cash taxes paid on DIRECTV	**—**	149
Less: Capital expenditures	**(4,277)**	(3,758)
Less: Payment of vendor financing	**(203)**	(841)
Free Cash Flow	**3,146**	2,773
Less: Dividends paid	**(2,091)**	(2,034)
Free Cash Flow after Dividends	**$ 1,055**	$ 739
Free Cash Flow Dividend Payout Ratio	**66.5 %**	73.4 %

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	
	2025	2024
Capital expenditures	**$ (4,277)**	$ (3,758)
Payment of vendor financing	**(203)**	(841)
Cash paid for Capital Investment	**$ (4,480)**	$ (4,599)

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 and Adjusted EBITDA

Dollars in millions

	First Quarter	
	2025	2024
Net Income	**$ 4,692**	$ 3,751
Additions:		
Income Tax Expense	**1,299**	1,118
Interest Expense	**1,658**	1,724
Equity in Net (Income) of Affiliates	**(1,440)**	(295)
Other (Income) Expense - Net	**(455)**	(451)
Depreciation and amortization	**5,190**	5,047
EBITDA	**10,944**	10,894
Transaction, legal and other costs	**79**	32
Benefit-related (gain) loss	**6**	(39)
Asset impairments and abandonments and restructuring	**504**	159
Adjusted EBITDA[1]	**$ 11,533**	$ 11,046

[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			
	2025		2024	
Communications Segment				
Operating Income	**$**	**6,991**	$	6,745
Add: Depreciation and amortization		**4,973**		4,730
EBITDA	**$**	**11,964**	$	11,475
Total Operating Revenues	**$**	**29,560**	$	28,857
Operating Income Margin		**23.7 %**		23.4 %
EBITDA Margin		**40.5 %**		39.8 %
Mobility				
Operating Income	**$**	**6,740**	$	6,468
Add: Depreciation and amortization		**2,526**		2,487
EBITDA	**$**	**9,266**	$	8,955
Total Operating Revenues	**$**	**21,570**	$	20,594
Service Revenues		**16,651**		15,994
Operating Income Margin		**31.2 %**		31.4 %
EBITDA Margin		**43.0 %**		43.5 %
EBITDA Service Margin		**55.6 %**		56.0 %
Business Wireline				
Operating Income (Loss)	**$**	**(98)**	$	64
Add: Depreciation and amortization		**1,498**		1,362
EBITDA	**$**	**1,400**	$	1,426
Total Operating Revenues	**$**	**4,468**	$	4,913
Operating Income Margin		**(2.2)%**		1.3 %
EBITDA Margin		**31.3 %**		29.0 %
Consumer Wireline				
Operating Income	**$**	**349**	$	213
Add: Depreciation and amortization		**949**		881
EBITDA	**$**	**1,298**	$	1,094
Total Operating Revenues	**$**	**3,522**	$	3,350
Operating Income Margin		**9.9 %**		6.4 %
EBITDA Margin		**36.9 %**		32.7 %
Latin America Segment				
Operating Income	**$**	**43**	$	3
Add: Depreciation and amortization		**150**		177
EBITDA	**$**	**193**	$	180
Total Operating Revenues	**$**	**971**	$	1,063
Operating Income Margin		**4.4 %**		0.3 %
EBITDA Margin		**19.9 %**		16.9 %

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.

The tax impact of adjusting items is calculated using the adjusted 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	
	2025	2024
Operating Expenses		
Transaction, legal and other costs[1]	**$ 79**	$ 32
Benefit-related (gain) loss	**6**	(39)
Asset impairments and abandonments and restructuring	**504**	159
Adjustments to Operations and Support Expenses	**589**	152
Amortization of intangible assets	**9**	15
Adjustments to Operating Expenses	**598**	167
Other		
Equity in net income of DIRECTV	**(1,423)**	(324)
Benefit-related (gain) loss, impairments of investments and other	**64**	254
Adjustments to Income Before Income Taxes	**(761)**	97
Tax impact of adjustments	**(165)**	22
Adjustments to Net Income	**(596)**	75
Preferred stock redemption gain	**(90)**	—
Adjustments to Net Income Attributable to Common Stock	**(686)**	75

[1] Includes costs associated with legacy legal matters and the expected resolution of certain litigation associated with cyberattacks disclosed in 2024, which is presented net of expected insurance recoveries.

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, other income (expense) 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 impairments, 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 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	
	2025	2024
Operating Income	**$ 5,754**	$ 5,847
Adjustments to Operating Expenses	**598**	167
Adjusted Operating Income	**$ 6,352**	$ 6,014
EBITDA	**$ 10,944**	$ 10,894
Adjustments to Operations and Support Expenses	**589**	152
Adjusted EBITDA	**$ 11,533**	$ 11,046
Total Operating Revenues	**$ 30,626**	$ 30,028
Operating Income Margin	**18.8 %**	19.5 %
Adjusted Operating Income Margin	**20.7 %**	20.0 %
Adjusted EBITDA Margin	**37.7 %**	36.8 %

Adjusted Diluted EPS

	First Quarter	
	2025	2024
Diluted Earnings Per Share (EPS)	**$ 0.61**	$ 0.47
Equity in net income of DIRECTV	**(0.15)**	(0.03)
Restructuring and impairments	**0.05**	0.06
Benefit-related, transaction, legal and other items	**—**	(0.02)
Adjusted EPS	**$ 0.51**	$ 0.48
Year-over-year growth - Adjusted	**6.3 %**	
Weighted Average Common Shares Outstanding with Dilution (000,000)	**7,223**	7,193

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 deposits at financial institutions that are greater than 90 days (e.g., certificates of deposit and time deposits), from the sum of debt maturing within one year and long-term debt.

Net Debt to Adjusted EBITDA - 2025

Dollars in millions

	Three Months Ended				
	June 30, 2024[1]	Sept. 30, 2024[1]	Dec. 31, 2024[1]	March 31, 2025	**Four Quarters**
Adjusted EBITDA	$ 11,337	$ 11,586	$ 10,791	$ 11,533	**$ 45,247**
End-of-period current debt					**8,902**
End-of-period long-term debt					**117,259**
Total End-of-Period Debt					**126,161**
Less: Cash and Cash Equivalents					**6,885**
Less: Time Deposits					**150**
Net Debt Balance					**119,126**
Annualized Net Debt to Adjusted EBITDA Ratio					**2.63**

[1] As reported in AT&T's Form 8-K filed January 27, 2025.

Net Debt to Adjusted EBITDA - 2024

Dollars in millions

	Three Months Ended				
	June 30, 2023[1]	Sept. 30, 2023[1]	Dec. 31, 2023[1]	March 31, 2024[1]	Four Quarters
Adjusted EBITDA	$ 11,053	$ 11,203	$ 10,555	$ 11,046	$ 43,857
End-of-period current debt					7,060
End-of-period long-term debt					125,704
Total End-of-Period Debt					132,764
Less: Cash and Cash Equivalents					3,520
Less: Time Deposits					500
Net Debt Balance					128,744
Annualized Net Debt to Adjusted EBITDA Ratio					2.94

[1] As reported in AT&T's Form 8-K filed January 27, 2025.

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. Prior period amounts have been conformed to the current period's presentation.

Supplemental Operational Measures

	First Quarter								
	March 31, 2025				March 31, 2024				
	Mobility	**Business Wireline**	**Adj.[1]**	**Business Solutions**	Mobility	Business Wireline	Adj.[1]	Business Solutions	Percent Change
Operating Revenues									
Wireless service	**$ 16,651**	**$ —**	**$ (14,202)**	**$ 2,449**	$ 15,994	$ —	$ (13,608)	$ 2,386	2.6 %
Legacy and other transitional services	**—**	**2,475**	**—**	**2,475**	—	2,997	—	2,997	(17.4) %
Fiber and advanced connectivity services	**—**	**1,780**	**—**	**1,780**	—	1,703	—	1,703	4.5 %
Wireless equipment	**4,919**	**—**	**(4,136)**	**783**	4,600	—	(3,834)	766	2.2 %
Wireline equipment	**—**	**213**	**—**	**213**	—	213	—	213	— %
Total Operating Revenues	**21,570**	**4,468**	**(18,338)**	**7,700**	20,594	4,913	(17,442)	8,065	(4.5) %
Operating Expenses									
Operations and support	**12,304**	**3,068**	**(10,106)**	**5,266**	11,639	3,487	(9,526)	5,600	(6.0) %
EBITDA	**9,266**	**1,400**	**(8,232)**	**2,434**	8,955	1,426	(7,916)	2,465	(1.3) %
Depreciation and amortization	**2,526**	**1,498**	**(2,062)**	**1,962**	2,487	1,362	(2,033)	1,816	8.0 %
Total Operating Expenses	**14,830**	**4,566**	**(12,168)**	**7,228**	14,126	4,849	(11,559)	7,416	(2.5) %
Operating Income (Loss)	**$ 6,740**	**$ (98)**	**$ (6,170)**	**$ 472**	$ 6,468	$ 64	$ (5,883)	$ 649	(27.3) %
Operating Income Margin				6.1 %				8.0 %	(190) BP

[1] Non-business wireless reported in the Communications segment under the Mobility business unit.


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