

Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 9/30/22	3 Mos. Ended 9/30/21	% Change	9 Mos. Ended 9/30/22	9 Mos. Ended 9/30/21	% Change
Operating Revenues						
Service revenues and other	\$ 27,666	\$ 27,565	0.4	\$ 81,999	\$ 83,709	(2.0)
Wireless equipment revenues	6,575	5,350	22.9	19,585	15,837	23.7
Total Operating Revenues	34,241	32,915	4.0	101,584	99,546	2.0
Operating Expenses						
Cost of services	7,293	7,855	(7.2)	21,452	24,199	(11.4)
Cost of wireless equipment	7,308	5,673	28.8	21,919	17,106	28.1
Selling, general and administrative expense	7,422	6,521	13.8	22,090	21,246	4.0
Depreciation and amortization expense	4,324	3,961	9.2	12,881	12,155	6.0
Total Operating Expenses	26,347	24,010	9.7	78,342	74,706	4.9
Operating Income	7,894	8,905	(11.4)	23,242	24,840	(6.4)
Equity in earnings of unconsolidated businesses	2	1	*	40	10	*
Other income (expense), net	(439)	269	*	(1,314)	1,172	*
Interest expense	(937)	(801)	17.0	(2,508)	(2,746)	(8.7)
Income Before Provision For Income Taxes	6,520	8,374	(22.1)	19,460	23,276	(16.4)
Provision for income taxes	(1,496)	(1,820)	(17.8)	(4,410)	(5,395)	(18.3)
Net Income	\$ 5,024	\$ 6,554	(23.3)	\$ 15,050	\$ 17,881	(15.8)
Net income attributable to noncontrolling interests	\$ 124	\$ 147	(15.6)	\$ 371	\$ 429	(13.5)
Net income attributable to Verizon	4,900	6,407	(23.5)	14,679	17,452	(15.9)
Net Income	\$ 5,024	\$ 6,554	(23.3)	\$ 15,050	\$ 17,881	(15.8)
Basic Earnings Per Common Share						
Net income attributable to Verizon	\$ 1.17	\$ 1.55	(24.5)	\$ 3.49	\$ 4.21	(17.1)
Weighted-average shares outstanding (in millions)	4,202	4,142		4,201	4,141	
Diluted Earnings Per Common Share ⁽¹⁾						
Net income attributable to Verizon	\$ 1.17	\$ 1.55	(24.5)	\$ 3.49	\$ 4.21	(17.1)
Weighted-average shares outstanding (in millions)	4,204	4,144		4,203	4,143	

Footnotes:

(1) Diluted Earnings per Common Share includes the dilutive effect of shares issuable under our stock-based compensation plans, which represents the only potential dilution.

* Not meaningful

Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	9/30/22	12/31/21	\$ Change
Assets			
Current assets			
Cash and cash equivalents	\$ 2,082	\$ 2,921	\$ (839)
Accounts receivable	24,475	24,742	(267)
Less Allowance for credit losses	805	896	(91)
Accounts receivable, net	23,670	23,846	(176)
Inventories	3,133	3,055	78
Prepaid expenses and other	10,861	6,906	3,955
Total current assets	39,746	36,728	3,018
Property, plant and equipment			
Property, plant and equipment	300,870	289,897	10,973
Less Accumulated depreciation	197,866	190,201	7,665
Property, plant and equipment, net	103,004	99,696	3,308
Investments in unconsolidated businesses	1,083	1,061	22
Wireless licenses	149,292	147,619	1,673
Goodwill	28,548	28,603	(55)
Other intangible assets, net	11,196	11,677	(481)
Operating lease right-of-use assets	26,588	27,883	(1,295)
Other assets	15,633	13,329	2,304
Total assets	\$ 375,090	\$ 366,596	\$ 8,494
Liabilities and Equity			
Current liabilities			
Debt maturing within one year	\$ 14,995	\$ 7,443	\$ 7,552
Accounts payable and accrued liabilities	22,235	24,833	(2,598)
Current operating lease liabilities	3,961	3,859	102
Other current liabilities	11,950	11,025	925
Total current liabilities	53,141	47,160	5,981
Long-term debt			
Long-term debt	132,912	143,425	(10,513)
Employee benefit obligations	15,912	15,410	502
Deferred income taxes	42,094	40,685	1,409
Non-current operating lease liabilities	22,175	23,203	(1,028)
Other liabilities	20,073	13,513	6,560
Total long-term liabilities	233,166	236,236	(3,070)
Equity			
Common stock	429	429	—
Additional paid in capital	13,467	13,861	(394)
Retained earnings	78,545	71,993	6,552
Accumulated other comprehensive loss	(1,700)	(927)	(773)
Common stock in treasury, at cost	(4,015)	(4,104)	89
Deferred compensation – employee stock ownership plans and other	742	538	204
Noncontrolling interests	1,315	1,410	(95)
Total equity	88,783	83,200	5,583
Total liabilities and equity	\$ 375,090	\$ 366,596	\$ 8,494

Consolidated - Selected Financial and Operating Statistics

(dollars in millions, except per share amounts)

Unaudited	9/30/22	12/31/21
Total debt	\$ 147,907	\$ 150,868
Net unsecured debt ⁽¹⁾	\$ 129,315	\$ 133,745
Net unsecured debt / Consolidated Adjusted EBITDA ⁽¹⁾⁽²⁾	2.7x	2.8x
Common shares outstanding end of period (in millions)	4,200	4,198
Total employees ('000)	119.5	118.4
Quarterly cash dividends declared per common share	\$ 0.6525	\$ 0.6400

Footnotes:

(1) Non-GAAP financial measure.

(2) Consolidated Adjusted EBITDA excludes the effects of non-operational items and special items.

Condensed Consolidated Statements of Cash Flows

(dollars in millions)

Unaudited	9 Mos. Ended 9/30/22	9 Mos. Ended 9/30/21	\$ Change
Cash Flows from Operating Activities			
Net Income	\$ 15,050	\$ 17,881	\$ (2,831)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	12,881	12,155	726
Employee retirement benefits	479	(1,928)	2,407
Deferred income taxes	1,595	2,970	(1,375)
Provision for expected credit losses	1,048	604	444
Equity in losses (earnings) of unconsolidated businesses, net of dividends received	(13)	32	(45)
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(458)	603	(1,061)
Other, net	(2,383)	(1,155)	(1,228)
Net cash provided by operating activities	<u>28,199</u>	<u>31,162</u>	<u>(2,963)</u>
Cash Flows from Investing Activities			
Capital expenditures (including capitalized software)	(15,811)	(13,861)	(1,950)
Cash received (paid) related to acquisitions of businesses, net of cash acquired	248	(459)	707
Acquisitions of wireless licenses	(2,890)	(47,027)	44,137
Collateral payments related to derivative contracts, net of repayments	(4,857)	(15)	(4,842)
Proceeds from disposition of business	33	4,122	(4,089)
Other, net	(43)	222	(265)
Net cash used in investing activities	<u>(23,320)</u>	<u>(57,018)</u>	<u>33,698</u>
Cash Flows from Financing Activities			
Proceeds from long-term borrowings	4,605	32,482	(27,877)
Proceeds from asset-backed long-term borrowings	5,939	2,695	3,244
Net proceeds from short-term commercial paper	4,514	—	4,514
Repayments of long-term borrowings and finance lease obligations	(8,001)	(7,904)	(97)
Repayments of asset-backed long-term borrowings	(3,647)	(3,887)	240
Dividends paid	(8,066)	(7,797)	(269)
Other, net	(797)	(2,120)	1,323
Net cash provided by (used in) financing activities	<u>(5,453)</u>	<u>13,469</u>	<u>(18,922)</u>
Decrease in cash, cash equivalents and restricted cash	(574)	(12,387)	11,813
Cash, cash equivalents and restricted cash, beginning of period	4,161	23,498	(19,337)
Cash, cash equivalents and restricted cash, end of period	<u>\$ 3,587</u>	<u>\$ 11,111</u>	<u>\$ (7,524)</u>

Footnotes:

Certain amounts have been reclassified to conform to the current period presentation.

Consumer - Selected Financial Results

(dollars in millions)

Unaudited	3 Mos. Ended 9/30/22	3 Mos. Ended 9/30/21	% Change	9 Mos. Ended 9/30/22	9 Mos. Ended 9/30/21	% Change
Operating Revenues						
Service	\$ 18,421	\$ 16,891	9.1	\$ 54,696	\$ 50,169	9.0
Wireless equipment	5,558	4,530	22.7	16,640	13,461	23.6
Other	1,861	1,907	(2.4)	5,400	5,973	(9.6)
Total Operating Revenues	25,840	23,328	10.8	76,736	69,603	10.2
Operating Expenses						
Cost of services	4,566	4,149	10.1	13,296	12,330	7.8
Cost of wireless equipment	5,963	4,611	29.3	17,997	13,857	29.9
Selling, general and administrative expense	4,730	4,060	16.5	14,020	12,131	15.6
Depreciation and amortization expense	3,232	2,918	10.8	9,605	8,679	10.7
Total Operating Expenses	18,491	15,738	17.5	54,918	46,997	16.9
Operating Income	\$ 7,349	\$ 7,590	(3.2)	\$ 21,818	\$ 22,606	(3.5)
Operating Income Margin	28.4 %	32.5 %		28.4 %	32.5 %	
Segment EBITDA⁽¹⁾	\$ 10,581	\$ 10,508	0.7	\$ 31,423	\$ 31,285	0.4
Segment EBITDA Margin⁽¹⁾	40.9 %	45.0 %		40.9 %	44.9 %	

Footnotes:

(1) Non-GAAP financial measure.

The segment financial results and metrics above exclude the effects of special items (other than the effects of acquisition-related intangible asset amortization), which the Company's chief operating decision maker does not consider in assessing segment performance.

Certain intersegment transactions with corporate entities have not been eliminated.

Consumer - Selected Operating Statistics

Unaudited	9/30/22	9/30/21	% Change
Connections ('000):			
Wireless retail postpaid	91,478	90,916	0.6
Wireless retail prepaid ⁽¹⁾⁽²⁾	23,076	4,072	*
Total wireless retail	114,554	94,988	20.6
Wireless retail postpaid phones	74,997	75,388	(0.5)
Fios video	3,314	3,642	(9.0)
Fios internet	6,684	6,490	3.0
Fixed wireless access (FWA) broadband	621	63	*
Wireline broadband	6,976	6,858	1.7
Total broadband	7,597	6,921	9.8

Unaudited	3 Mos. Ended 9/30/22	3 Mos. Ended 9/30/21	% Change	9 Mos. Ended 9/30/22	9 Mos. Ended 9/30/21	% Change
Gross Additions ('000):						
Wireless retail postpaid	3,045	2,701	12.7	8,148	7,600	7.2
Net Additions Detail ('000):						
Wireless retail postpaid ⁽³⁾	28	423	(93.4)	(14)	447	*
Wireless retail prepaid ⁽¹⁾⁽³⁾⁽⁴⁾	39	(4)	*	(270)	33	*
Total wireless retail ⁽³⁾	67	419	(84.0)	(284)	480	*
Wireless retail postpaid phones ⁽³⁾	(189)	267	*	(696)	239	*
Fios video	(95)	(68)	(39.7)	(259)	(212)	(22.2)
Fios internet	58	98	(40.8)	143	288	(50.3)
FWA broadband ⁽³⁾	234	26	*	514	49	*
Wireline broadband	38	75	(49.3)	88	211	(58.3)
Total broadband	272	101	*	602	260	*

Churn Rate:					
Wireless retail postpaid	1.10 %	0.84 %		0.99 %	0.88 %
Wireless retail postpaid phones	0.88 %	0.67 %		0.80 %	0.69 %
Wireless retail prepaid ⁽¹⁾⁽⁴⁾	3.90 %	4.21 %		3.83 %	4.18 %
Wireless retail	1.66 %	0.98 %		1.57 %	1.02 %

Revenue Statistics (in millions):						
Wireless service revenue	\$ 15,517	\$ 13,982	11.0	\$ 45,970	\$ 41,460	10.9
Fios revenues	\$ 2,902	\$ 2,893	0.3	\$ 8,708	\$ 8,648	0.7

Consumer - Selected Operating Statistics (continued)

Unaudited	3 Mos. Ended 9/30/22	3 Mos. Ended 9/30/21	% Change	9 Mos. Ended 9/30/22	9 Mos. Ended 9/30/21	% Change
Other Wireless Statistics:						
Wireless retail postpaid ARPA ⁽⁵⁾	\$ 127.76	\$ 123.04	3.8	\$ 125.29	\$ 121.71	2.9
Wireless retail postpaid upgrade rate	5.1 %	4.7 %				
Wireless retail postpaid accounts ('000) ⁽⁶⁾				33,251	33,640	(1.2)
Wireless retail postpaid connections per account ⁽⁶⁾				2.75	2.70	1.9
Wireless retail prepaid ARPU ⁽¹⁾⁽⁷⁾	\$ 31.18	\$ 35.75	(12.8)	\$ 31.11	\$ 35.70	(12.9)

Footnotes:

- (1) Acquisition of TracFone Wireless, Inc. was completed on November 23, 2021.
- (2) Reflects a decline in the customer base for wireless retail prepaid connections of approximately 504,000 as of September 30, 2022, primarily related to the shutdown of our competitors' 3G networks.
- (3) Connection net additions include certain adjustments.
- (4) Excludes the impact primarily related to the shutdown of our competitors' 3G networks resulting in approximately 402,000 retail prepaid disconnects in the second quarter of 2022 and 102,000 retail prepaid disconnects in the third quarter of 2022.
- (5) Wireless retail postpaid ARPA - average service revenue per account from retail postpaid accounts.
- (6) Statistics presented as of end of period.
- (7) Wireless retail prepaid ARPU - average service revenue per unit from retail prepaid connections.

Certain intersegment transactions with corporate entities have not been eliminated.

* Not meaningful

Business - Selected Financial Results

(dollars in millions)

Unaudited	3 Mos. Ended 9/30/22	3 Mos. Ended 9/30/21	% Change	9 Mos. Ended 9/30/22	9 Mos. Ended 9/30/21	% Change
Operating Revenues						
Small and Medium Business	\$ 3,196	\$ 2,937	8.8	\$ 9,329	\$ 8,662	7.7
Global Enterprise	2,449	2,552	(4.0)	7,311	7,694	(5.0)
Public Sector and Other	1,531	1,547	(1.0)	4,587	4,807	(4.6)
Wholesale	661	653	1.2	1,945	2,069	(6.0)
Total Operating Revenues	7,837	7,689	1.9	23,172	23,232	(0.3)
Operating Expenses						
Cost of services	2,653	2,647	0.2	7,818	8,066	(3.1)
Cost of wireless equipment	1,344	1,061	26.7	3,922	3,248	20.8
Selling, general and administrative expense	2,063	2,077	(0.7)	6,172	6,231	(0.9)
Depreciation and amortization expense	1,079	1,018	6.0	3,214	3,046	5.5
Total Operating Expenses	7,139	6,803	4.9	21,126	20,591	2.6
Operating Income	\$ 698	\$ 886	(21.2)	\$ 2,046	\$ 2,641	(22.5)
Operating Income Margin	8.9 %	11.5 %		8.8 %	11.4 %	
Segment EBITDA⁽¹⁾	\$ 1,777	\$ 1,904	(6.7)	\$ 5,260	\$ 5,687	(7.5)
Segment EBITDA Margin⁽¹⁾	22.7 %	24.8 %		22.7 %	24.5 %	

Footnotes:

(1) Non-GAAP financial measure.

The segment financial results and metrics above exclude the effects of special items (other than the effects of acquisition-related intangible asset amortization), which the Company's chief operating decision maker does not consider in assessing segment performance.

Certain intersegment transactions with corporate entities have not been eliminated.

Business - Selected Operating Statistics

Unaudited					9/30/22	9/30/21	% Change
Connections ('000):							
Wireless retail postpaid					28,584	26,998	5.9
Wireless retail postpaid phones					17,795	16,866	5.5
Fios video					69	72	(4.2)
Fios internet					370	352	5.1
FWA broadband					442	76	*
Wireline broadband					471	479	(1.7)
Total broadband					913	555	64.5
Unaudited	3 Mos. Ended 9/30/22	3 Mos. Ended 9/30/21	% Change	9 Mos. Ended 9/30/22	9 Mos. Ended 9/30/21	% Change	
Gross Additions ('000):							
Wireless retail postpaid	1,566	1,314	19.2	4,650	3,675	26.5	
Net Additions Detail ('000):							
Wireless retail postpaid ⁽¹⁾	360	276	30.4	1,185	610	94.3	
Wireless retail postpaid phones ⁽¹⁾	197	162	21.6	680	287	*	
Fios video	(1)	—	*	(2)	(1)	*	
Fios internet	3	6	(50.0)	14	17	(17.6)	
FWA broadband ⁽¹⁾	108	29	*	278	46	*	
Wireline broadband ⁽¹⁾	(3)	(1)	*	(6)	(3)	*	
Total broadband	105	28	*	272	43	*	
Churn Rate:							
Wireless retail postpaid	1.42 %	1.29 %		1.38 %	1.28 %		
Wireless retail postpaid phones	1.10 %	1.04 %		1.08 %	1.04 %		
Revenue Statistics (in millions):							
Wireless service revenue	\$ 3,273	\$ 3,097	5.7	\$ 9,580	\$ 9,247	3.6	
Fios revenues	\$ 304	\$ 287	5.9	\$ 897	\$ 844	6.3	
Other Operating Statistics:							
Wireless retail postpaid upgrade rate	3.3 %	3.2 %					

Footnotes:

(1) Connection net additions include certain adjustments.

Certain intersegment transactions with corporate entities have not been eliminated.

* Not meaningful

Supplemental Information - Total Wireless Operating and Financial Statistics

The following supplemental schedule contains certain financial and operating metrics which reflect an aggregation of our Consumer and Business segments' wireless results.

Unaudited	9/30/22	9/30/21	% Change
Connections ('000)			
Retail postpaid	120,062	117,914	1.8
Retail prepaid ^{(1) (2)}	23,076	4,072	*
Total retail	143,138	121,986	17.3
Retail postpaid phones	92,792	92,254	0.6

Unaudited	3 Mos. Ended 9/30/22	3 Mos. Ended 9/30/21	% Change	9 Mos. Ended 9/30/22	9 Mos. Ended 9/30/21	% Change
Net Additions Detail ('000) ⁽³⁾						
Retail postpaid phones	8	429	(98.1)	(16)	526	*
Retail postpaid	388	699	(44.5)	1,171	1,057	10.8
Retail prepaid ^{(1) (4)}	39	(4)	*	(270)	33	*
Total retail	427	695	(38.6)	901	1,090	(17.3)

Account Statistics						
Retail postpaid accounts ('000) ⁽⁵⁾				35,034	35,285	(0.7)
Retail postpaid connections per account ⁽⁵⁾				3.43	3.34	2.7
Retail postpaid ARPA ⁽⁶⁾	\$ 149.82	\$ 143.87	4.1	\$ 146.73	\$ 142.61	2.9
Retail prepaid ARPU ^{(1) (7)}	\$ 31.18	\$ 35.75	(12.8)	\$ 31.11	\$ 35.70	(12.9)

Churn Detail					
Retail postpaid phone	0.92 %	0.74 %		0.85 %	0.76 %
Retail postpaid	1.17 %	0.94 %		1.08 %	0.97 %
Retail prepaid ^{(1) (4)}	3.90 %	4.21 %		3.83 %	4.18 %
Retail	1.62 %	1.05 %		1.53 %	1.08 %

Retail Postpaid Connection Statistics		
Upgrade rate	4.7 %	4.3 %

Revenue Statistics (in millions) ⁽⁸⁾						
Wireless service	\$ 18,790	\$ 17,079	10.0	\$ 55,550	\$ 50,707	9.6
Wireless equipment	6,575	5,350	22.9	19,585	15,837	23.7
Wireless other	1,922	1,929	(0.4)	5,540	6,015	(7.9)
Total Wireless	\$ 27,287	\$ 24,358	12.0	\$ 80,675	\$ 72,559	11.2

Footnotes:

- (1) Acquisition of TracFone Wireless, Inc. was completed on November 23, 2021.
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- (3) Connection net additions include certain adjustments.
- (4) Excludes the impact primarily related to the shutdown of our competitors' 3G networks resulting in approximately 402,000 retail prepaid disconnects in the second quarter of 2022 and 102,000 retail prepaid disconnects in the third quarter of 2022.
- (5) Statistics presented as of end of period.
- (6) Wireless retail postpaid ARPA - average service revenue per account from retail postpaid accounts.
- (7) Wireless retail prepaid ARPU - average service revenue per unit from retail prepaid connections.
- (8) Intersegment transactions between Consumer or Business segment with corporate entities have not been eliminated.

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