

Non-GAAP Reconciliations

As of December 31, 2022

verizon

Definitions - Non-GAAP Measures

Non-GAAP Measures

Verizon's Financial and Operating Information includes financial information prepared in conformity with generally accepted accounting principles in the United States (GAAP) as well as non-GAAP financial information. It is management's intent to provide non-GAAP financial information to enhance the understanding of Verizon's GAAP financial information and it should be considered by the reader in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Each non-GAAP financial measure is presented along with the corresponding GAAP measure so as not to imply that more emphasis should be placed on the non-GAAP measure. We believe that providing these non-GAAP measures in addition to the GAAP measures allows management, investors and other users of our financial information to more fully and accurately assess both consolidated and segment performance. The non-GAAP financial information presented may be determined or calculated differently by other companies and may not be directly comparable to that of other companies.

EBITDA and EBITDA Margin Related Non-GAAP Measures

Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA), Segment EBITDA and Segment EBITDA Margin are non-GAAP financial measures that we believe are useful to management, investors and other users of our financial information as they are widely accepted financial measures used in evaluating the profitability of a company and its operating performance in relation to its competitors.

Consolidated EBITDA is calculated by adding back interest, taxes and depreciation and amortization expense to net income.

Segment EBITDA is calculated by adding back segment depreciation and amortization expense to segment operating income. Segment EBITDA Margin is calculated by dividing Segment EBITDA by total segment operating revenues.

Consolidated Adjusted EBITDA, Consolidated Adjusted EBITDA Margin and Consolidated Adjusted EBITDA Forecast

Consolidated Adjusted EBITDA, Consolidated Adjusted EBITDA Margin and Consolidated Adjusted EBITDA Forecast are non-GAAP financial measures that we believe provide relevant and useful information to management, investors and other users of our financial information in evaluating the effectiveness of our operations and underlying business trends in a manner that is consistent with management's evaluation of business performance. We believe that Consolidated Adjusted EBITDA, Consolidated Adjusted EBITDA Margin and Consolidated Adjusted EBITDA Forecast are used by investors to compare a company's operating performance to its competitors by minimizing impacts caused by differences in capital structure, taxes and depreciation and amortization policies. Further, the exclusion of non-operational items and special items enables comparability to prior period performance and trend analysis.

Consolidated Adjusted EBITDA is calculated by excluding from Consolidated EBITDA the effect of the following non-operational items: equity in losses and earnings of unconsolidated businesses and other income and expense, net, and the following special items: severance charges, loss on spectrum licenses, and net gain from disposition of business. Severance charges recorded during 2022 and 2021 relate to involuntary and voluntary separations, respectively, under our existing plans. Loss on spectrum licenses relates to the sale of certain wireless licenses in 2021. Net gain from disposition of business relates to the sale of Verizon Media in 2021.

Consolidated Adjusted EBITDA Margin is calculated by dividing Consolidated Adjusted EBITDA by consolidated operating revenues.

We have not provided a reconciliation for our Consolidated Adjusted EBITDA Forecast because we cannot, without unreasonable effort, predict the special items that could arise during 2023.

Net Unsecured Debt and Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio

Net Unsecured Debt and Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio are non-GAAP financial measures that we believe are useful to management, investors and other users of our financial information in evaluating Verizon's ability to service its unsecured debt from continuing operations.

Net Unsecured Debt is calculated by subtracting secured debt and cash and cash equivalents, including cash and cash equivalents held for sale where applicable, from the sum of debt maturing within one year and long-term debt. Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio is calculated by dividing Net Unsecured Debt by Consolidated Adjusted EBITDA. For purposes of Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio, Consolidated Adjusted EBITDA is calculated for the last twelve months.

Adjusted Earnings per Common Share (Adjusted EPS) and Adjusted EPS Forecast

Adjusted EPS and Adjusted EPS Forecast are non-GAAP financial measures that we believe are useful to management, investors and other users of our financial information in evaluating our operating results and understanding our operating trends without the effect of special items which could vary from period to period. We believe excluding special items provides more comparable assessment of our financial results from period to period.

Adjusted EPS is calculated by excluding from the calculation of reported EPS the effect of the following special items: amortization of acquisition-related intangible assets, severance, pension and benefits credits, early debt redemption costs, net gain from disposition of asset and business, and loss on spectrum licenses. Severance, pension and benefits credits relate to severance charges and actuarial gains/losses resulting from the re-measurements of pension and other postretirement benefits. Net gain from disposition of asset and business relates to the sale of an investment and the sale of Verizon Media in 2021. Loss on spectrum licenses relates to the sale of certain wireless licenses in 2021.

Actuarial gains or losses as a result of the re-measurements of pension and other postretirement benefits are included in other income and expense, net, and are measured based on projected discount rates and estimated returns on plan assets. Such estimates are updated at least annually at the end of the fiscal year to reflect actual discount rates and returns on plan assets or more frequently if significant events arise which require an interim re-measurement.

We exclude the amortization of acquisition-related intangible assets because the amount and timing of such charges are significantly impacted by the timing, size, number and nature of the acquisitions we consummate. While we have a history of significant acquisition activity, we do not acquire businesses on a predictable cycle, and the amount of an acquisition's purchase price allocated to intangible assets and related amortization term are unique to each acquisition and can vary

Definitions - Non-GAAP Measures

significantly from acquisition to acquisition. Exclusion of this amortization expense facilitates more consistent comparisons of operating results over time between our newly acquired and long-held businesses, and with both acquisitive and non-acquisitive peer companies. We believe that it is important for investors to understand that our non-GAAP financial measure adjusts for the intangible asset amortization but does not adjust the revenue that is generated in part from the use of such intangible assets.

We have not provided a reconciliation for our Adjusted EPS Forecast because we cannot, without unreasonable effort, predict the special items that could arise during 2023.

Adjusted Effective Income Tax Rate Attributable to Verizon Forecast (Adjusted ETR Forecast)

Adjusted ETR Forecast is a non-GAAP financial measure that we believe is useful to management, investors and other users of our financial information in assessing our effective income tax rate without the effect of special items which could vary from period to period. Adjusted ETR Forecast is calculated by dividing the provision for income taxes by net income attributable to Verizon before tax after adjusting for the impact of special items.

We have not provided a reconciliation for our Adjusted ETR Forecast because we cannot, without unreasonable effort, predict the special items that could arise during 2023.

Free Cash Flow

Free cash flow is a non-GAAP financial measure that reflects an additional way of viewing our liquidity that, when viewed with our GAAP results, provides a more complete understanding of factors and trends affecting our cash flows. We believe it is a more conservative measure of cash flow since capital expenditures are necessary for ongoing operations. Free cash flow has limitations due to the fact that it does not represent the residual cash flow available for discretionary expenditures. For example, free cash flow does not incorporate payments made on finance lease obligations or cash payments for acquisitions of businesses or wireless licenses. Therefore, we believe it is important to view free cash flow as a complement to our entire consolidated statements of cash flows.

Free cash flow is calculated by subtracting capital expenditures (including capitalized software) from net cash provided by operating activities.

Non-GAAP Reconciliations - Consolidated

Consolidated EBITDA, Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA Margin

(dollars in millions)

Unaudited	2021					2022				
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year
Consolidated Net Income	\$5,378	\$5,949	\$6,554	\$4,737	\$22,618	\$4,711	\$5,315	\$5,024	\$6,698	\$21,748
Add:										
Provision for income taxes	1,700	1,875	1,820	1,407	6,802	1,372	1,542	1,496	2,113	6,523
Interest expense	1,101	844	801	739	3,485	786	785	937	1,105	3,613
Depreciation and amortization expense ⁽¹⁾	4,174	4,020	3,961	4,051	16,206	4,236	4,321	4,324	4,218	17,099
Consolidated EBITDA	\$12,353	\$12,688	\$13,136	\$10,934	\$49,111	\$11,105	\$11,963	\$11,781	\$14,134	\$48,983
Add/(subtract):										
Other (income) expense, net ⁽²⁾	\$(401)	\$(502)	\$(269)	\$ 860	\$(312)	\$ 924	\$(49)	\$ 439	\$(2,687)	\$(1,373)
Equity in losses (earnings) of unconsolidated businesses ⁽³⁾	(8)	(1)	(1)	(135)	(145)	3	(41)	(2)	(4)	(44)
Severance charges	—	—	103	106	209	—	—	—	304	304
Loss on spectrum licenses	223	—	—	—	223	—	—	—	—	—
Net gain from disposition of business	—	—	(706)	—	(706)	—	—	—	—	—
Consolidated Adjusted EBITDA	\$12,167	\$12,185	\$12,263	\$11,765	\$48,380	\$12,032	\$11,873	\$12,218	\$11,747	\$47,870
Consolidated Operating Revenues				\$34,067	\$133,613	\$33,554	\$33,789	\$34,241	\$35,251	\$136,835
Consolidated Adjusted EBITDA Margin				34.5 %	36.2 %	35.9 %	35.1 %	35.7 %	33.3 %	35.0 %
Consolidated Adjusted EBITDA - Year Over Year Change %									(0.2)%	(1.1)%

(1) Includes Amortization of acquisition-related intangible assets.

(2) Includes Pension and benefits remeasurement adjustments and Early debt redemption costs, where applicable.

(3) Includes Net gain from disposition of assets, where applicable.

Net Unsecured Debt and Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio

(dollars in millions)

Unaudited	12/31/20	3/31/21	6/30/21	9/30/21	12/31/21	3/31/22	6/30/22	9/30/22	12/31/22
Debt maturing within one year	\$ 5,889	\$ 8,802	\$ 7,023	\$ 7,623	\$ 7,443	\$ 13,421	\$ 12,873	\$ 14,995	\$ 9,963
Long-term debt	123,173	149,700	144,894	143,352	143,425	139,961	136,184	132,912	140,676
Total Debt	129,062	158,502	151,917	150,975	150,868	153,382	149,057	147,907	150,639
Less Secured debt	10,604	10,876	10,315	9,425	14,202	16,102	16,572	16,510	20,008
Unsecured Debt	118,458	147,626	141,602	141,550	136,666	137,280	132,485	131,397	130,631
Less Cash and cash equivalents ⁽¹⁾	22,171	10,205	4,757	9,936	2,921	1,661	1,857	2,082	2,605
Net Unsecured Debt	\$ 96,287	\$ 137,421	\$ 136,845	\$ 131,614	\$ 133,745	\$ 135,619	\$ 130,628	\$ 129,315	\$ 128,026
Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio					2.8x	2.8x	2.7x	2.7x	2.7x
Net Unsecured Debt - Quarter over quarter change									\$ (1,289)
Net Unsecured Debt - Year over year change									\$ (5,719)

(1) Includes Cash and cash equivalents held for sale, where applicable.

Non-GAAP Reconciliations - Consolidated

Adjusted Earnings per Common Share (Adjusted EPS)

(dollars in millions except per share amounts)

Unaudited				3 Mos. Ended 12/31/21				3 Mos. Ended 12/31/22
	Pre-tax	Tax	After-Tax		Pre-tax	Tax	After-Tax	
EPS				\$ 1.11				\$ 1.56
Amortization of acquisition-related intangible assets	\$ 135	\$ (33)	\$ 102	0.02	\$ 115	\$ (34)	\$ 81	0.02
Severance, pension and benefits credits	(1,103)	268	(835)	(0.20)	(2,214)	552	(1,662)	(0.40)
Early debt redemption costs	2,409	(629)	1,780	0.43	—	—	—	—
Net gain from disposition of asset	(131)	30	(101)	(0.02)	—	—	—	—
	\$ 1,310	\$ (364)	\$ 946	\$ 0.23	\$ (2,099)	\$ 518	\$ (1,581)	\$ (0.38)
Adjusted EPS				\$ 1.33				\$ 1.19
Year over year change %								(10.5)%

Footnotes:

Adjusted EPS may not add due to rounding.

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

Adjusted Earnings per Common Share (Adjusted EPS)

(dollars in millions except per share amounts)

Unaudited				12 Mos. Ended 12/31/21				12 Mos. Ended 12/31/22
	Pre-tax	Tax	After-Tax		Pre-tax	Tax	After-Tax	
EPS				\$ 5.32				\$ 5.06
Amortization of acquisition-related intangible assets	\$ 594	\$ (145)	\$ 449	0.11	\$ 826	\$ (214)	\$ 612	0.15
Severance, pension and benefits credits	(2,170)	539	(1,631)	(0.39)	(1,371)	339	(1,032)	(0.25)
Early debt redemption costs	3,541	(917)	2,624	0.63	1,241	(316)	925	0.22
Net gain from disposition of asset and business	(837)	—	(837)	(0.20)	—	—	—	—
Loss on spectrum licenses	223	(56)	167	0.04	—	—	—	—
	\$ 1,351	\$ (579)	\$ 772	\$ 0.19	\$ 696	\$ (191)	\$ 505	\$ 0.12
Adjusted EPS				\$ 5.50				\$ 5.18
Year over year change %								(5.8)%

Footnotes:

Adjusted EPS may not add due to rounding.

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

Free Cash Flow

(dollars in millions)

Unaudited		12 Mos. Ended 12/31/21	12 Mos. Ended 12/31/22
	Net Cash Provided by Operating Activities		\$ 39,539
Capital expenditures (including capitalized software)		(20,286)	(23,087)
Free Cash Flow		\$ 19,253	\$ 14,054
Year over year change %			(27.0)%

Non-GAAP Reconciliations - Segments

Segment EBITDA and Segment EBITDA Margin

Consumer

(dollars in millions)

Unaudited	3 Mos. Ended 3/31/21	3 Mos. Ended 6/30/21	3 Mos. Ended 9/30/21	3 Mos. Ended 12/31/21	Full year 2021	3 Mos. Ended 3/31/22	3 Mos. Ended 6/30/22	3 Mos. Ended 9/30/22	3 Mos. Ended 12/31/22	Full Year 2022
Operating Income	\$ 7,519	\$ 7,497	\$ 7,590	\$ 7,349	\$29,955	\$ 7,319	\$ 7,150	\$ 7,349	\$ 7,028	\$28,846
Add Depreciation and amortization expense	2,861	2,900	2,918	3,000	11,679	3,162	3,211	3,232	3,111	12,716
Segment EBITDA	\$10,380	\$10,397	\$10,508	\$10,349	\$41,634	\$10,481	\$10,361	\$10,581	\$10,139	\$41,562
Total operating revenues	\$22,798	\$23,477	\$23,328	\$25,697	\$95,300	\$25,292	\$25,604	\$25,840	\$26,770	\$103,506
Operating Income Margin	33.0 %	31.9 %	32.5 %	28.6 %	31.4 %	28.9 %	27.9 %	28.4 %	26.3 %	27.9 %
Segment EBITDA Margin	45.5 %	44.3 %	45.0 %	40.3 %	43.7 %	41.4 %	40.5 %	40.9 %	37.9 %	40.2 %
Segment EBITDA - Year over year change %									(2.0)%	(0.2)%
Segment EBITDA Margin - Year over year change										(350) bps

Business

(dollars in millions)

Unaudited	3 Mos. Ended 3/31/21	3 Mos. Ended 6/30/21	3 Mos. Ended 9/30/21	3 Mos. Ended 12/31/21	Full year 2021	3 Mos. Ended 3/31/22	3 Mos. Ended 6/30/22	3 Mos. Ended 9/30/22	3 Mos. Ended 12/31/22	Full Year 2022
Operating Income	\$ 899	\$ 856	\$ 886	\$ 796	\$ 3,437	\$ 673	\$ 675	\$ 698	\$ 585	\$ 2,631
Add Depreciation and amortization expense	1,013	1,015	1,018	1,038	4,084	1,061	1,074	1,079	1,098	4,312
Segment EBITDA	\$ 1,912	\$ 1,871	\$ 1,904	\$ 1,834	\$ 7,521	\$ 1,734	\$ 1,749	\$ 1,777	\$ 1,683	\$ 6,943
Total operating revenues	\$ 7,781	\$ 7,762	\$ 7,689	\$ 7,810	\$31,042	\$ 7,709	\$ 7,626	\$ 7,837	\$ 7,900	\$31,072
Operating Income Margin	11.6 %	11.0 %	11.5 %	10.2 %	11.1 %	8.7 %	8.9 %	8.9 %	7.4 %	8.5 %
Segment EBITDA Margin	24.6 %	24.1 %	24.8 %	23.5 %	24.2 %	22.5 %	22.9 %	22.7 %	21.3 %	22.3 %
Segment EBITDA - Year over year change %									(8.2)%	(7.7)%
Segment EBITDA Margin - Year over year change										(190) bps