



News Release

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Verizon begins 2023 with rapid network expansion and the most broadband additions in over a decade

Company's total wireless postpaid phone gross additions increased 5.3 percent year over year

Cash flow from operations increased \$1.5 billion year over year, and free cash flow¹ increased \$1.3 billion year over year

1Q 2023 highlights

Consolidated:

- \$1.17 in EPS, compared with \$1.09 in first-quarter 2022; adjusted EPS¹, excluding a special item, of \$1.20, compared with \$1.35 in first-quarter 2022.
- Total operating revenue of \$32.9 billion, a decrease of 1.9 percent from first-quarter 2022.
- Net income of \$5.0 billion, an increase of 6.5 percent from first-quarter 2022, and adjusted EBITDA¹ of \$11.9 billion, down 1.1 percent year over year.

Total Broadband:

- Total broadband net additions of 437,000 was the largest result in more than a decade, reflecting a strong demand for fixed wireless and Fios products. This result included 393,000 fixed wireless net additions, an increase from 379,000 fixed wireless net additions in fourth-quarter 2022.
- 67,000 Fios Internet net additions, an increase from 60,000 Fios Internet net additions in first-quarter 2022.

Total Wireless:

- Total wireless service revenue³ of \$18.9 billion, a 3.0 percent increase year over year.
- Postpaid phone net losses of 127,000, and retail postpaid net additions of 633,000. Total wireless postpaid phone gross additions increased 5.3 percent year over year, primarily driven by an 11.5 percent year over year growth in Consumer phone gross additions.
- Total retail postpaid churn of 1.15 percent, and retail postpaid phone churn of 0.90 percent.

NEW YORK - Verizon Communications Inc. (NYSE, Nasdaq: VZ) reported first-quarter results today highlighted by increased cash flow and the largest number of total broadband net additions in more than a decade.

"Our operational and financial results reflect the steps that we have taken to improve our performance. Compared to this time last year, we have added more postpaid phone gross additions to our network and have increased our cash flow from operations and free cash flow¹," said Verizon Chairman and CEO Hans Vestberg. "Last month, we announced that our 5G Ultra Wideband now reaches more than 200 million people as we continue to undergo the most aggressive network deployment in our company's history. With our mobile and broadband capabilities, and our focus on network strength, we are giving more customers in more places a superior network experience."

For first-quarter 2023, Verizon reported EPS of \$1.17, compared with \$1.09 in first-quarter 2022. On an adjusted basis¹, excluding a special item, EPS was \$1.20 in first-quarter 2023, compared with adjusted EPS¹ of \$1.35 in first-quarter 2022.

First-quarter 2023 earnings included a pre-tax loss of approximately \$208 million from a special item representing the impacts of amortization of intangible assets related to TracFone and other acquisitions.

Consolidated results

- Total consolidated operating revenue in first-quarter 2023 of \$32.9 billion, a decrease of 1.9 percent from first-quarter 2022. This decrease was primarily due to lower equipment revenue and continued declines in Business wireline services.
- Total wireless service revenue³ in first-quarter 2023 increased 3.0 percent year over year. As discussed during the company's fourth-quarter 2022 earnings call, results for first-quarter 2023 included a benefit of approximately 185 basis points associated with a larger allocation of

administrative and telco recovery fees from other revenue into wireless service revenue. This benefit was partially offset by the impact associated with the shutdown of the company's 3G network, completed at the end of fourth-quarter 2022. The shutdown resulted in the removal of approximately 1.1 million retail connections and the corresponding loss of revenue for first-quarter 2023.

- Net income of \$5.0 billion, an increase of 6.5 percent compared to first-quarter 2022, and adjusted EBITDA¹ of \$11.9 billion, a decrease of 1.1 percent year over year.
- Cash flow from operations totaled \$8.3 billion in first-quarter 2023, an increase from \$6.8 billion in first-quarter 2022. This increase was primarily due to working capital improvements driven by lower inventory levels, fewer phone upgrades and a modest improvement in customer payment patterns, despite current macroeconomic uncertainties.
- First-quarter 2023 capital expenditures were \$6.0 billion, and included most of the remaining \$1.75 billion under the company's C-Band related spending program.
- The company ended first-quarter 2023 with free cash flow¹ of \$2.3 billion, an increase from \$1.0 billion in first-quarter 2022.
- Verizon's unsecured debt as of the end of first-quarter 2023 increased by \$1.4 billion sequentially to \$132.0 billion. The company's net unsecured debt¹ balance increased sequentially by \$1.8 billion to \$129.8 billion. At the end of first-quarter 2023, Verizon's ratio of unsecured debt to net income (LTM) was approximately 6.0 times, and its net unsecured debt to adjusted EBITDA ratio¹ was approximately 2.7 times.

Verizon Consumer results

- Total Verizon Consumer revenue was \$24.9 billion, a decrease of 1.7 percent year over year. This decrease was due to declines in wireless equipment revenue partially offset by gains in service and other revenue.
- Wireless service revenue increased 2.5 percent year over year. This increase was driven by a larger allocation of administrative and telco recovery fees from other revenue into wireless service revenue, to partly recover network operating costs, and pricing actions implemented in the second half of 2022. These gains were partially offset by the amortization of wireless equipment sales promotions as well as volume driven declines in prepaid revenue.
- Consumer wireless retail postpaid churn was 1.05 percent in first-quarter 2023, and wireless retail postpaid phone churn was 0.84 percent.
- In first-quarter 2023, Consumer reported 263,000 wireless retail postpaid phone net losses. Consumer postpaid phone gross additions increased 11.5 percent year over year, continuing the momentum from the second half of 2022.
- Consumer reported 351,000 wireless retail prepaid net losses in first-quarter 2023. The company is taking steps to generate long term value, including strengthening its brands, evolving its go-to-market strategy and migrating off-network subscribers onto the Verizon network. In the short

term, these actions are having a negative impact on prepaid net additions. The reported result was also due to elevated disconnects in the SafeLink brand.

- Consumer reported 256,000 fixed wireless net additions and 63,000 Fios Internet net additions in first-quarter 2023. Consumer Fios revenue was \$2.9 billion in first-quarter 2023, a decrease of 0.8 percent year over year.
- In first-quarter 2023, Consumer operating income was \$7.1 billion, a decrease of 3.0 percent year over year, and segment operating income margin was 28.6 percent, a decrease from 28.9 percent in first-quarter 2022. Segment EBITDA¹ in first-quarter 2023 was \$10.3 billion, a decrease of 1.6 percent year over year. This decline was due to higher bad debt, as involuntary churn rates and collections return to pre-pandemic levels, and elevated marketing expenses, among other factors. Segment EBITDA margin¹ was 41.5 percent, an increase from 41.4 percent in first-quarter 2022.

Verizon Business results

- Total Verizon Business revenue was \$7.5 billion in first-quarter 2023, a decrease of 2.8 percent year over year. This decrease was due to lower wireline and wireless equipment revenue that offset the growth in wireless service revenue.
- Business wireless service revenue was \$3.3 billion, an increase of 5.3 percent year over year. This growth was driven predominantly by the continued momentum in adding more customers onto the platform, and pricing actions implemented in the second half of 2022 and early 2023.
- Business reported 312,000 wireless retail postpaid net additions in first-quarter 2023, including 136,000 postpaid phone net additions.
- Business wireless retail postpaid churn was 1.50 percent in first-quarter 2023, and wireless retail postpaid phone churn was 1.16 percent.
- Business reported 137,000 fixed wireless net additions in first-quarter 2023.
- In first-quarter 2023, Verizon Business operating income was \$551 million, a decrease of 18.1 percent year over year, and segment operating income margin was 7.4 percent, a decrease from 8.7 percent in first-quarter 2022. Segment EBITDA¹ was \$1.6 billion in first-quarter 2023, a decrease of 5.1 percent year over year, which reflected continued declines in high margin wireline revenues. Segment EBITDA margin¹ was 22.0 percent in first-quarter 2023, a decrease from 22.5 percent in first-quarter 2022.

Outlook and guidance

For 2023, Verizon continues to expect the following:

- Total wireless service revenue growth^{2,3} of 2.5 percent to 4.5 percent.
- Adjusted EBITDA¹ of \$47.0 billion to \$48.5 billion.
- Adjusted EPS¹ of \$4.55 to \$4.85.

- Adjusted effective income tax rate¹ in the range of 22.5 percent to 24.0 percent.
- Capital spending in the range of \$18.25 billion to \$19.25 billion.

¹Non-GAAP financial measure. See the accompanying schedules and www.verizon.com/about/investors for reconciliations of non-GAAP financial measures cited in this document to most directly comparable financial measures under generally accepted accounting principles (GAAP).

²Includes a benefit of approximately 190 basis points from the reallocation from Other revenue to Wireless service revenue. This results from a larger allocation of administrative and telco recovery charges which partly recover network operating costs.

³Total wireless service revenue represents the sum of Consumer and Business segments.

Verizon Communications Inc. (NYSE, Nasdaq: VZ) was formed on June 30, 2000 and is one of the world's leading providers of technology and communications services. Headquartered in New York City and with a presence around the world, Verizon generated revenues of \$136.8 billion in 2022. The company offers data, video and voice services and solutions on its award-winning networks and platforms, delivering on customers' demand for mobility, reliable network connectivity, security and control.

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Forward-looking statements

In this communication we have made forward-looking statements. These statements are based on our estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements include the information concerning our possible or assumed future results of operations. Forward-looking statements also include those preceded or followed by the words "anticipates," "believes," "estimates," "expects," "forecasts," "hopes," "plans" or similar expressions. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The following important factors, along with those discussed in our filings with the Securities and Exchange Commission (the "SEC"), could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: the effects of competition in the markets in which we operate, including any inability to successfully respond to competitive factors such as prices, promotional incentives and evolving consumer preferences; failure to take advantage of, or respond to competitors' use of, developments in technology and address changes in consumer demand; performance issues or delays in the deployment of our 5G network resulting in significant costs or a reduction in the anticipated benefits of the enhancement to our networks; the inability to implement our business strategy; adverse conditions in the U.S. and international economies, including inflation in the markets in which we operate; cyber attacks impacting our networks or systems and any resulting financial or reputational impact; damage to our infrastructure or disruption of our operations from natural disasters, extreme weather conditions, acts of war, terrorist attacks or other hostile acts and any resulting financial or reputational impact; the impact of public health crises on our operations, our employees and the ways in which our customers use our networks and other products and services; disruption of our key suppliers' or vendors' provisioning of products or services, including as a result of geopolitical factors, public health crises or the potential impacts of global climate change; material adverse changes in labor matters and any resulting financial or operational impact; changes in the regulatory environment in which we operate, including any increase in restrictions on our ability to operate our networks or businesses; our high level of indebtedness; significant litigation and any resulting material expenses incurred in defending against lawsuits or paying awards or settlements; an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations or adverse conditions in the credit markets affecting the cost, including interest rates, and/or availability of further financing; significant increases in benefit plan costs or lower investment returns on plan assets; changes in tax laws or treaties, or in their interpretation; and changes in

accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings.