

**EBITDA** is the acronym for **earnings before interest, taxes, depreciation, and amortization**.

*The amounts used on this form are taken from **Filled-In Form R0**, except as noted below.*

The calculation of **EBITDA** includes:

Amounts from the income statement for the year ended December 31, 2022.

Earnings (net income after tax)	\$	21,000	E
Add back : Interest expense	\$	8,000	I
Add back : Income tax expense	\$	7,000	T
Add back : Depreciation expense	\$	14,000	D
Add back : Amortization expense	\$	-	A
<b>= Earnings before interest, taxes, depreciation, and amortization . . .</b>	<b>\$</b>	<b>50,000</b>	<b>EBITDA (E + I + T + D + A)</b>

Notes:

EBITDA is referred to as a non-GAAP financial measure. In other words, EBITDA can only be a supplementary disclosure. EBITDA is used by some companies to provide insight on its operating results. It is also used by some in estimating the value of a company.

In addition to EBITDA, some companies calculate "adjusted EBITDA" and "adjusted EBITDA margin." The definition of these terms can vary between companies. As a result you should read each company's definition and review its calculations.

In the example above, the amounts were taken from the income statement for the year 2022 appearing on **Form R0**, except we assumed the income statement pertained to a corporation. We further assumed that the net income of \$28,000 was before income tax expense of \$7,000.