



Q2 2024

INVESTOR FACTBOOK

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T-Mobile Delivers Industry-Leading Growth in Customers, Service Revenues and Profitability in Q2, Raises 2024 Customer and Cash Flow Guidance

POSTPAID
NET ACCOUNT ADDITIONS
301K

INDUSTRY-LEADING⁽¹⁾

POSTPAID
NET CUSTOMER ADDITIONS
1.3M

INDUSTRY-LEADING

POSTPAID PHONE
NET CUSTOMER ADDITIONS
777K

INDUSTRY-LEADING

SERVICE REVENUES
\$16.4B

GREW 4% YoY
INCLUDING INDUSTRY-LEADING POSTPAID
SERVICE REVENUE GROWTH OF 7% YoY

NET INCOME
\$2.9B

GREW 32% YoY
INDUSTRY-LEADING GROWTH

CORE ADJUSTED EBITDA⁽²⁾
\$8.0B

GREW 9% YoY
INDUSTRY-LEADING GROWTH

NET CASH
PROVIDED BY OPERATING ACTIVITIES
\$5.5B

GREW 27% YoY
RECORD HIGH

ADJUSTED
FREE CASH FLOW⁽²⁾
\$4.4B

GREW 54% YoY
RECORD HIGH

HIGH SPEED INTERNET
NET CUSTOMER ADDITIONS
406K

INDUSTRY-LEADING

Overall Network Leader with
**Largest, Fastest
& Most Advanced
5G Network**

OPENSIGNAL
RANKED FIRST
for all overall network experience
metrics while also earning additional
wins for 5G with the fastest 5G
download speeds, best 5G coverage
experience and best 5G availability

OOKLA
TOP PERFORMER
including wins for fastest overall and 5G
network, most consistent overall network,
along with best overall and 5G mobile video
experience, best gaming experience and
highest ranking consumersentiment

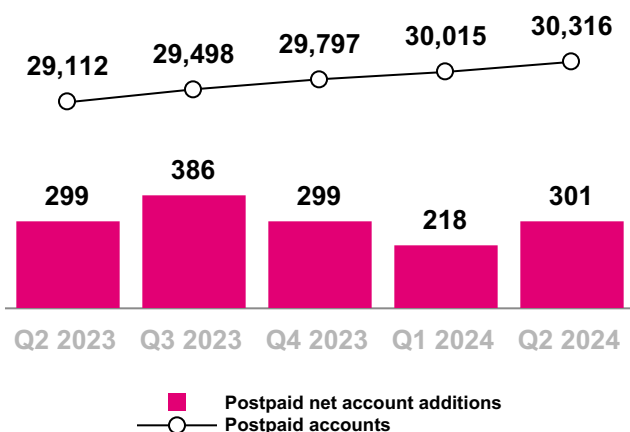
See 5G device, coverage, and access details at T-Mobile.com. Ookla awards: Based on analysis by Ookla® of Speedtest Intelligence® data for the U.S., 1H 2024. Ookla trademarks used under license and reprinted with permission. Opensignal Awards: USA: Mobile Network Experience Report July 2024, based on independent analysis of mobile measurements recorded during the period March 1 - May 29, 2024. © 2024 Opensignal Limited.

T3.1

- (1) AT&T Inc. historically does not disclose postpaid net account additions. Comcast and Charter do not disclose postpaid phone net customer additions. Industry leading claims are based on consensus expectations if results are not yet reported.
- (2) Core Adjusted EBITDA and Adjusted Free Cash Flow are non-GAAP financial measures. These non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information provided in accordance with GAAP. Reconciliations for these non-GAAP financial measures to the most directly comparable GAAP financial measures are provided in the Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures tables. We are not able to forecast Net income on a forward-looking basis without unreasonable efforts due to the high variability and difficulty in predicting certain items that affect Net income, including, but not limited to, Income tax expense and Interest expense. Core Adjusted EBITDA should not be used to predict Net income as the difference between this measure and Net income is variable.

T4.1

Postpaid Accounts (in thousands)



Year-Over-Year

Continued growth in Postpaid accounts with a slight increase in net additions primarily due to:

- Higher gross additions
- Mostly offset by higher deactivations and fewer High Speed Internet only additions due to the sunseting of promotional pricing, as well as a higher mix of High Speed Internet customers from existing accounts

Sequential

Continued growth in Postpaid accounts with an increase in net additions primarily due to:

- Lower deactivations

Year-Over-Year

Postpaid ARPA increased 3% primarily due to:

- Higher premium services, primarily high-end rate plans, net of contra revenues for content included in such plans, and discounts for specific affinity groups (55+, military, and first responders) and partially offset by lower average device protection revenue
- An increase in customers per account, including continued adoption of High Speed Internet
- Partially offset by increased promotional activity and an increase in High Speed Internet only accounts

T4.2

Postpaid phone ARPU was relatively flat due to:

- Higher premium services, primarily high-end rate plans, net of contra revenues for content included in such plans, and discounts for specific affinity groups (55+, military, and first responders) and partially offset by lower average device protection revenue
- Offset by increased promotional activity and growth in business customers with lower ARPU given larger account sizes

Sequential

Postpaid ARPA increased slightly due to:

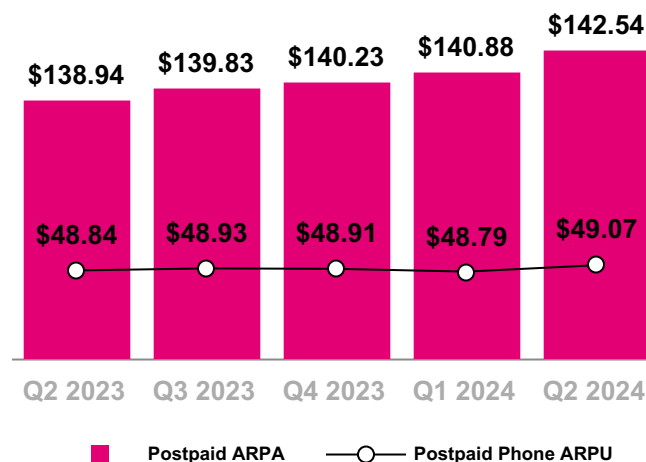
- Higher premium services, primarily high-end rate plans, net of contra revenues for content included in such plans, and discounts for specific affinity groups (55+, military, and first responders)
- An increase in customers per account, including continued adoption of High Speed Internet
- Mostly offset by increased promotional activity and an increase in High Speed Internet only accounts

Sequential

Postpaid phone ARPU increased slightly due to:

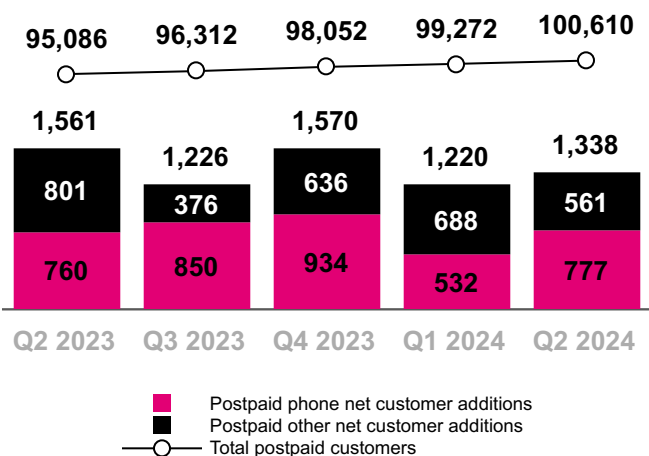
- Higher premium services, primarily high-end rate plans, net of contra revenues for content included in such plans, and discounts for specific affinity groups (55+, military, and first responders)
- Mostly offset by increased promotional activity and growth in business customers with lower ARPU given larger account sizes

Postpaid ARPA & Postpaid Phone ARPU



T5.1

Postpaid Customers (in thousands)



Year-Over-Year

Postpaid phone net customer additions increased primarily due to:

- Higher gross additions
- Partially offset by increased deactivations from a growing customer base and slightly higher churn

Postpaid other net customer additions decreased primarily due to:

- Deactivations of lower ARPU mobile internet devices in the educational sector that were originally activated during the Pandemic and no longer needed
- Lower net additions from High Speed Internet and wearables
- Partially offset by higher net additions from other connected devices

Sequential

Postpaid phone net customer additions increased due to:

- Higher gross additions
- Lower churn

Postpaid other net customer additions decreased primarily due to:

- Deactivations of lower ARPU mobile internet devices in the educational sector that were originally activated during the Pandemic and no longer needed

T5.2

Year-Over-Year

Postpaid phone churn increased 3 basis points primarily due to:

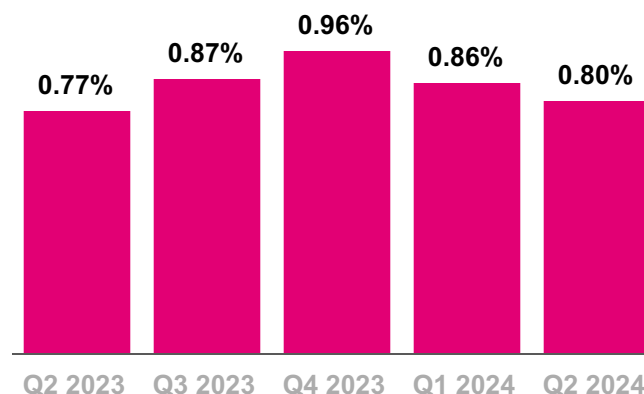
- Rate plan optimizations

Sequential

Postpaid phone churn decreased 6 basis points primarily due to:

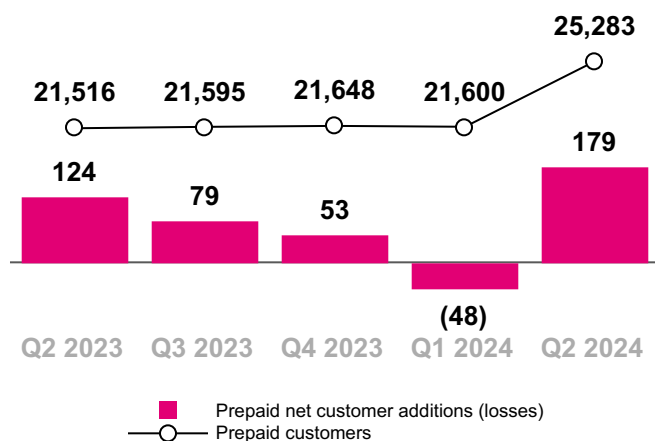
- Seasonally lower switching activity
- Partially offset by rate plan optimizations

Postpaid Phone Churn



T6.1

Prepaid Customers (in thousands)



Year-Over-Year

Prepaid net customer additions increased primarily due to:

- Higher gross additions following the acquisition of Ka'ena Corporation, including its subsidiary brands Mint Mobile and Ultra Mobile (the "Ka'ena Acquisition")
- Lower churn
- Partially offset by continued moderation of prepaid industry growth

Sequential

Prepaid net customer additions increased primarily due to:

- Lower seasonal churn
- Higher gross additions following the Ka'ena Acquisition

During Q2 2024, we acquired 3.5 million net prepaid customers through the Ka'ena Acquisition, which includes the impact of certain base adjustments to align the policies of Ka'ena and T-Mobile.

T6.2

Year-Over-Year

High Speed Internet net customer additions decreased primarily due to:

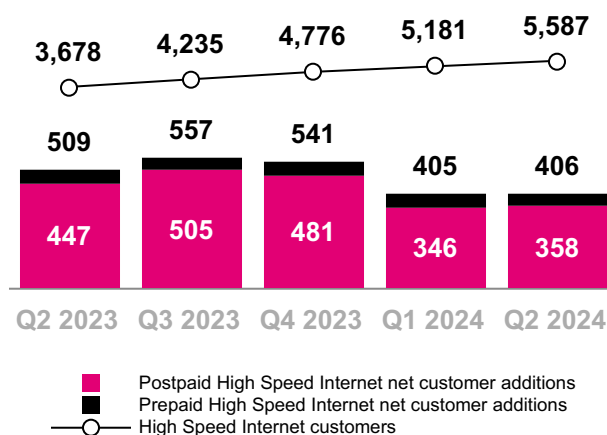
- Increased deactivations from a growing customer base
- Partially offset by a lower churn rate

Sequential

High Speed Internet net customer additions were relatively flat primarily due to:

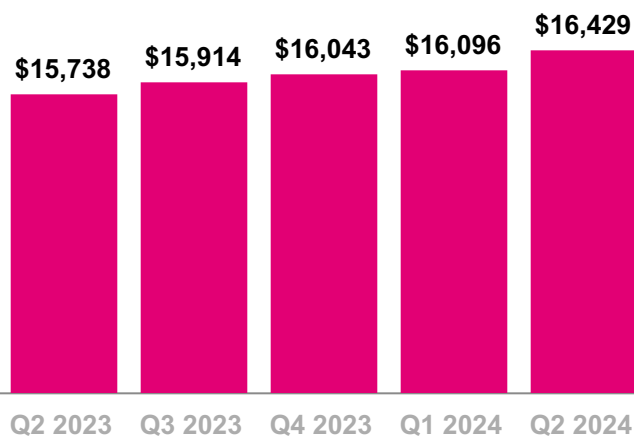
- Higher gross additions
- Offset by increased deactivations from a growing customer base despite lower churn

High Speed Internet Customers (in thousands)



T7.1

Service Revenues (\$ in millions)



Year-Over-Year

Service revenues increased 4% primarily due to:

- Increase in Postpaid service revenues
- An increase in Prepaid service revenues, driven by the impact of the Ka'ena Acquisition
- Partially offset by a decrease in Wholesale and other service revenues driven primarily by lower Affordable Connectivity Program revenues and the impact of the Ka'ena Acquisition

Sequential

Service revenues increased 2% primarily due to:

- Increase in Postpaid service revenues
- An increase in Prepaid service revenues, driven by the impact of the Ka'ena Acquisition
- Partially offset by a decrease in Wholesale and other service revenues driven by the impact of the Ka'ena Acquisition

T7.2

Year-Over-Year

Postpaid service revenues increased 7% primarily due to:

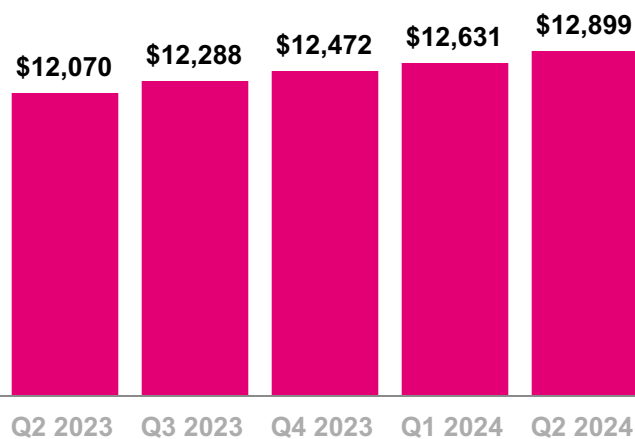
- Higher average postpaid accounts
- Higher postpaid ARPA

Sequential

Postpaid service revenues increased 2% primarily due to:

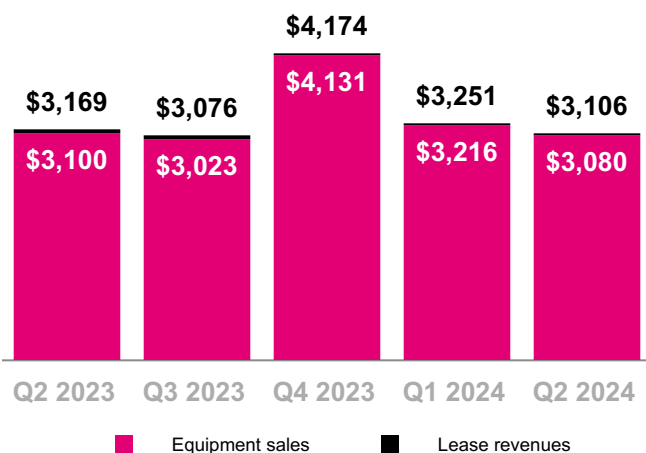
- Higher postpaid ARPA
- Higher average postpaid accounts

Postpaid Service Revenues (\$ in millions)



T8.1

Equipment Revenues (\$ in millions)



Year-Over-Year

Equipment revenues decreased 2% primarily due to:

- A net decrease in the total number of devices sold, driven by lower Assurance Wireless, prepaid and postpaid upgrade units partially offset by higher postpaid gross addition related devices
- Partially offset by a slightly higher average revenue per device sold, net of promotions, primarily driven by an increase in the high end phone mix
- Additionally partially offset by higher liquidation revenue primarily due to a higher number of in-house liquidated devices, which included the transition of certain device recovery programs from external sources to in-house processing resulting in a change in presentation from Other revenues to Equipment revenues

Sequential

Equipment revenues decreased 4% primarily due to:

- A lower average revenue per device sold due to a seasonal decrease in the high-end phone mix

T8.2

Year-Over-Year

Cost of equipment sales, exclusive of Depreciation and Amortization (D&A), was flat primarily due to:

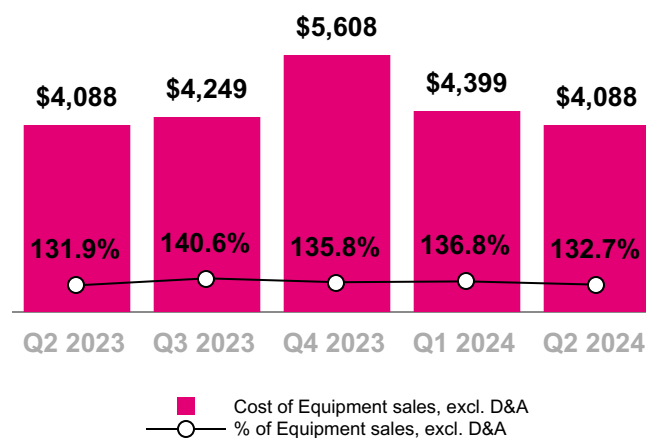
- A net decrease in the total number of devices sold, driven by lower Assurance Wireless, prepaid and postpaid upgrade units partially offset by higher postpaid gross addition related devices
- Partially offset by a higher average cost per device sold, primarily driven by an increase in the high-end phone mix
- Additionally partially offset by higher liquidation costs primarily due to a higher number of in-house liquidated devices, including the impact from the transition of certain device recovery programs from external sources to in-house processing

Sequential

Cost of equipment sales, exclusive of D&A, decreased 7% primarily due to:

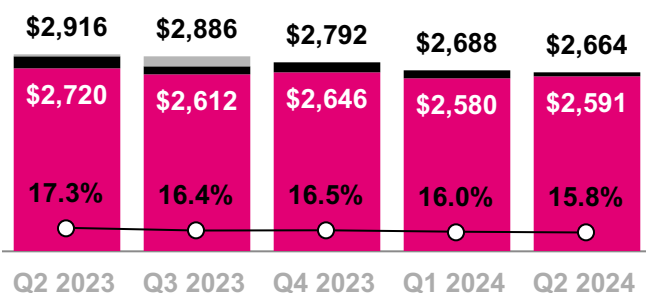
- A lower average cost per device sold due to a seasonal decrease in the high-end phone mix

Cost of Equipment Sales, exclusive of D&A (\$ in millions)



T9.1

Cost of Services, exclusive of D&A (\$ in millions, % of Service revenues)



- Cost of services, ex. D&A and Special Items
- Merger-related costs
- Other Special Items
- % of Srvc revs, ex. D&A and Special Items

Year-Over-Year

Cost of services, exclusive of D&A, decreased 9% primarily due to:

- Lower Merger-related costs related to network decommissioning and integration
- Lower employee costs primarily related to reduced headcount
- Higher Merger synergies

Sequential

Cost of services, exclusive of D&A, decreased slightly primarily due to:

- Slightly lower Merger-related costs related to network decommissioning and integration

T9.2

Year-Over-Year

SG&A expense decreased 2% primarily due to:

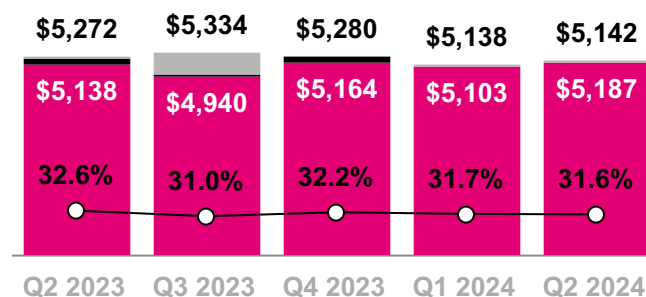
- Lower Merger-related costs, including a \$100 million gain recognized in the current period for the extension fee previously paid by DISH pursuant to the license purchase agreement for 800 MHz spectrum, which was not purchased
- Higher Merger synergies
- Partially offset by higher costs as the result of the Ka'ena Acquisition

Sequential

SG&A expense was relatively flat primarily due to:

- Higher costs as the result of the Ka'ena Acquisition
- Offset by lower Merger-related costs, including a \$100 million gain recognized in the current period for the extension fee previously paid by DISH pursuant to the license purchase agreement for 800 MHz spectrum, which was not purchased

Selling, General and Administrative (SG&A) Expense (\$ in millions, % of Service revenues)

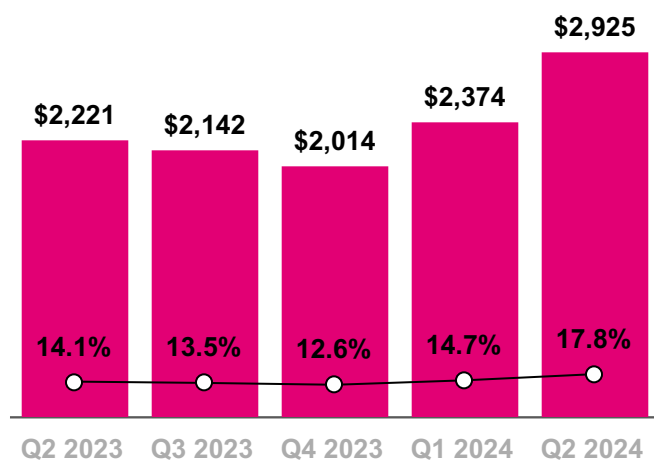


- SG&A expense, ex. Special Items
- Merger-related costs (gain), net
- Other Special Items
- % of Srvc revs, ex. Special Items

T10.1

Net Income

(\$ in millions, % of Service revenues)

**Year-Over-Year**

Net income was \$2.9 billion and Diluted earnings per share was \$2.49 in Q2 2024, compared to \$2.2 billion and \$1.86 in Q2 2023, primarily due to the factors described above and included the following, net of tax:

- Merger-related costs of \$207 million, or \$0.17 per share, in Q2 2023

Sequential

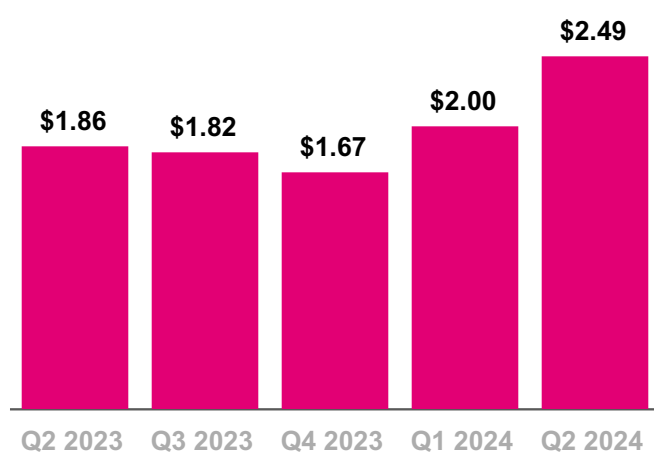
Net income was \$2.9 billion and Diluted earnings per share was \$2.49 in Q2 2024, compared to \$2.4 billion and \$2.00 in Q1 2024, primarily due to the factors described above and included the following, net of tax:

- Merger-related costs of \$97 million, or \$0.08 per share, in Q1 2024

T10.2

Diluted Earnings Per Share

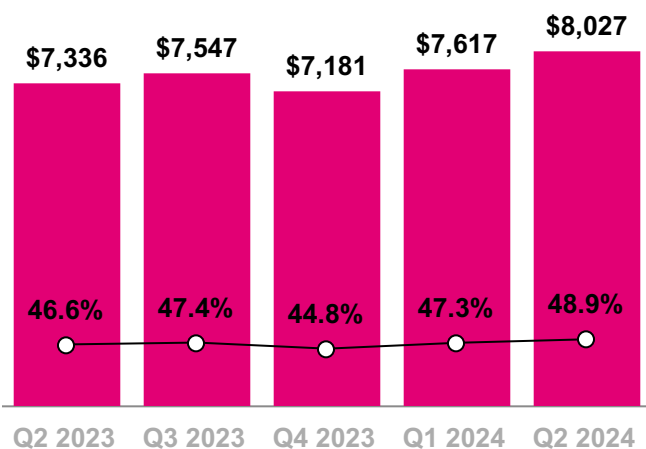
(Diluted EPS)



T11.1

Core Adjusted EBITDA*

(\$ in millions, % of Service revenues)



*Excludes Special Items (see detail on page 23)

Year-Over-Year

Core Adjusted EBITDA increased 9% primarily due to:

- Higher Service revenues
- Lower Cost of services, excluding Special Items

Sequential

Core Adjusted EBITDA increased 5% primarily due to:

- Higher Service revenues
- Lower Cost of equipment sales
- Partially offset by lower Equipment revenues, excluding Lease revenues

T11.2

Year-Over-Year

Net cash provided by operating activities increased 27% primarily due to:

- Higher Net income, adjusted for non-cash income and expenses
- Lower net cash outflows from changes in working capital

Sequential

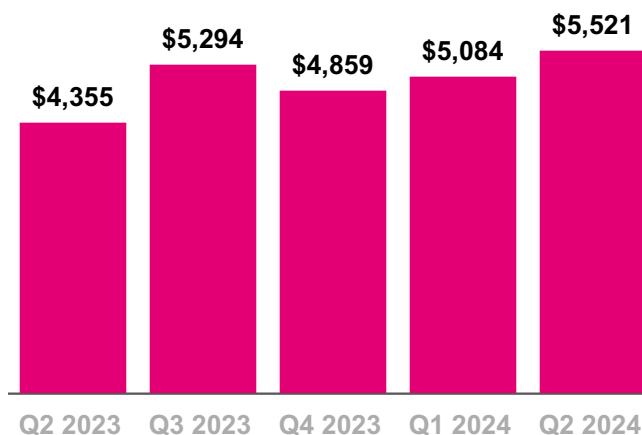
Net cash provided by operating activities increased 9% primarily due to:

- Higher Net income, adjusted for non-cash income and expenses

The impact of net payments for Merger-related costs on Net cash provided by operating activities was \$241 million in Q2 2024 compared to \$293 million in Q1 2024 and \$728 million in Q2 2023.

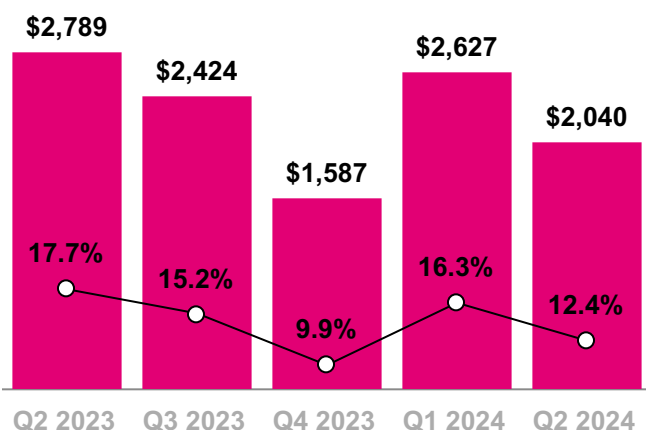
Net Cash Provided by Operating Activities

(\$ in millions)



T12.1

Cash Purchases of Property and Equipment, incl. Capitalized Interest (\$ in millions, % of Service revenues)



Year-Over-Year

Cash purchases of property and equipment, including capitalized interest, decreased 27% primarily due to:

- Increased capital efficiencies from accelerated investments in our nationwide 5G network build-out in previous years

Sequential

Cash purchases of property and equipment, including capitalized interest, decreased 22% primarily due to:

- Increased capital efficiencies from accelerated investments in our nationwide 5G network build-out in previous years

T12.2

Year-Over-Year

Adjusted Free Cash Flow increased 54% primarily due to:

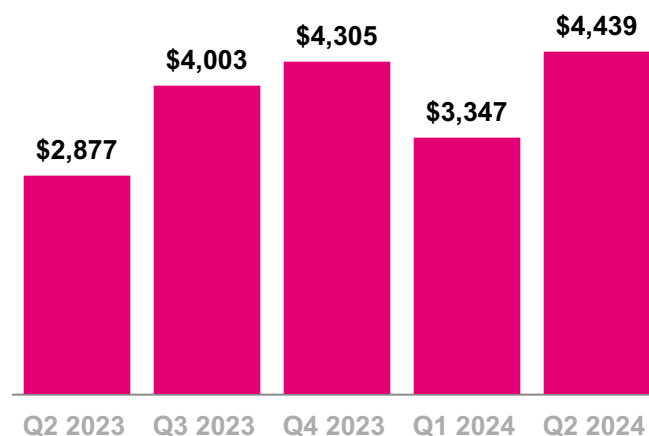
- Higher Net cash provided by operating activities
- Lower Cash purchases of property and equipment
- Partially offset by lower proceeds related to securitization transactions, which were offset in Net cash provided by operating activities. There were no significant net cash proceeds during the quarter from securitization.

Sequential

Adjusted Free Cash Flow increased 33% primarily due to:

- Lower Cash purchases of property and equipment
- Higher Net cash provided by operating activities

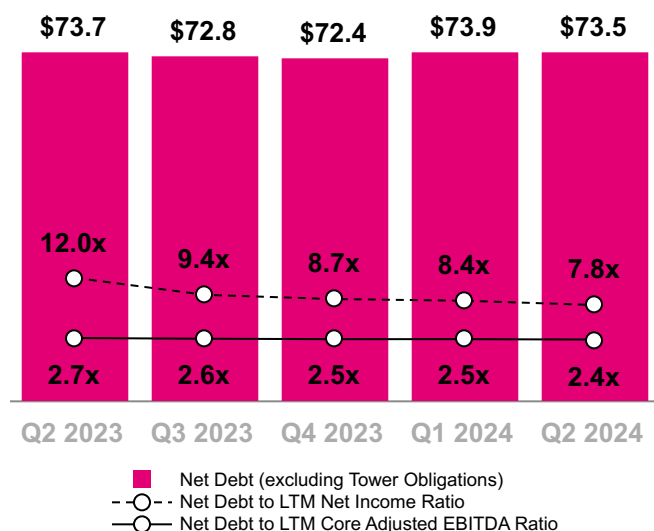
Adjusted Free Cash Flow (\$ in millions)



The impact of net payments for Merger-related costs on Adjusted Free Cash Flow was \$241 million in Q2 2024 compared to \$293 million in Q1 2024 and \$728 million in Q2 2023.

T13.1

Net Debt (Excluding Tower Obligations) & Net Debt to LTM Net Income and Core Adj. EBITDA Ratios (\$ in billions)



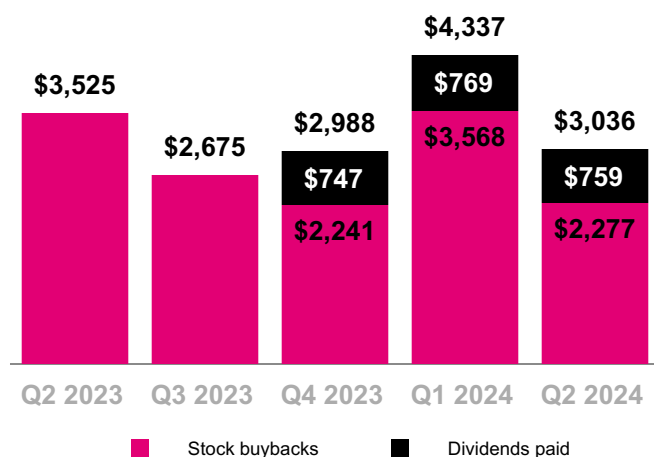
Total debt, excluding tower obligations, at the end of Q2 2024 was \$80.0 billion.

Net debt, excluding tower obligations, at the end of Q2 2024 was \$73.5 billion.

- On September 6, 2023, the Board of Directors authorized a stockholder return program for up to \$19.0 billion that will run through December 31, 2024, consisting of additional repurchases of shares and payment of cash dividends.
 - During Q2 2024, 14.0 million shares were repurchased for \$2.3 billion.
 - On a cumulative basis, as of June 30, 2024, a total of 150.2 million shares were repurchased for approximately \$22.1 billion.
 - During Q2 2024, the company paid a cash dividend of \$0.65 per each share of common stock, or approximately \$759 million, on June 13, 2024.
 - As of June 30, 2024, the remaining authorization for stock repurchases and quarterly cash dividends through December 2024 is \$8.7 billion, with the next dividend payable on September 12, 2024.
- On May 8, the company executed its first debt issuance in a foreign currency consisting of €2.0 billion unsecured Senior notes, with a weighted average euro yield of approximately 3.7% and a weighted average maturity of approximately 8.4 years.

T13.2

Stockholder Returns (\$ in millions)



2024 Outlook

T14.1

Metric	Previous	Revised	Change at Midpoint
Postpaid net customer additions	5.2 to 5.6 million	5.4 to 5.7 million	150 thousand
Net income ⁽¹⁾	N/A	N/A	N/A
Effective tax rate	24% to 26%	24% to 25%	(50) bps
Core Adjusted EBITDA ⁽²⁾	\$31.4 to \$31.9 billion	\$31.5 to \$31.8 billion	No change
Net cash provided by operating activities	\$21.6 to \$22.3 billion	\$21.8 to \$22.2 billion	\$50 million
Capital expenditures ⁽³⁾	\$8.6 to \$9.4 billion	\$8.7 to \$9.1 billion	\$(100) million
Adjusted Free Cash Flow ⁽⁴⁾	\$16.4 to \$16.9 billion	\$16.6 to \$17.0 billion	\$150 million

- (1) We are not able to forecast Net income on a forward-looking basis without unreasonable efforts due to the high variability and difficulty in predicting certain items that affect GAAP Net income, including, but not limited to, Income tax expense and Interest expense. Core Adjusted EBITDA should not be used to predict Net income as the difference between this measure and Net income is variable.
- (2) Management uses Core Adjusted EBITDA as a measure to monitor the financial performance of our operations, excluding the impact of lease revenues from our related device financing programs. Our guidance ranges assume lease revenues of approximately \$100 million for 2024.
- (3) Capital expenditures means cash purchases of property and equipment, including capitalized interest.
- (4) Adjusted Free Cash Flow guidance does not assume any material net cash inflows from securitization in 2024.

Investor Relations



Cathy Yao
Senior Vice President
Investor Relations



Justin Taiber
Senior Director
Investor Relations



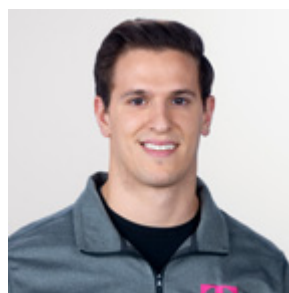
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T16.1

T-Mobile US, Inc.

Condensed Consolidated Balance Sheets (Unaudited)

(in millions, except share and per share amounts)	June 30, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 6,417	\$ 5,135
Accounts receivable, net of allowance for credit losses of \$160 and \$161	4,563	4,692
Equipment installment plan receivables, net of allowance for credit losses and imputed discount of \$587 and \$623	3,776	4,456
Inventory	1,319	1,678
Prepaid expenses	1,059	702
Other current assets	2,163	2,352
Total current assets	19,297	19,015
Property and equipment, net	38,222	40,432
Operating lease right-of-use assets	26,240	27,135
Financing lease right-of-use assets	3,271	3,270
Goodwill	13,015	12,234
Spectrum licenses	98,661	96,707
Other intangible assets, net	2,978	2,618
Equipment installment plan receivables due after one year, net of allowance for credit losses and imputed discount of \$132 and \$150	1,780	2,042
Other assets	5,093	4,229
Total assets	\$ 208,557	\$ 207,682
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 7,591	\$ 10,373
Short-term debt	5,867	3,619
Deferred revenue	1,098	825
Short-term operating lease liabilities	3,202	3,555
Short-term financing lease liabilities	1,252	1,260
Other current liabilities	4,028	1,296
Total current liabilities	23,038	20,928
Long-term debt	70,203	69,903
Long-term debt to affiliates	1,496	1,496
Tower obligations	3,725	3,777
Deferred tax liabilities	15,022	13,458
Operating lease liabilities	27,272	28,240
Financing lease liabilities	1,133	1,236
Other long-term liabilities	4,032	3,929
Total long-term liabilities	122,883	122,039
Commitments and contingencies		
Stockholders' equity		
Common stock, par value \$0.00001 per share, 2,000,000,000 shares authorized; 1,269,805,042 and 1,262,904,154 shares issued, 1,166,772,891 and 1,195,807,331 shares outstanding	—	—
Additional paid-in capital	68,463	67,705
Treasury stock, at cost, 103,032,151 and 67,096,823 shares issued	(15,270)	(9,373)
Accumulated other comprehensive loss	(917)	(964)
Retained earnings	10,360	7,347
Total stockholders' equity	62,636	64,715
Total liabilities and stockholders' equity	\$ 208,557	\$ 207,682

T17.1

T-Mobile US, Inc.

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

(in millions, except share and per share amounts)	Three Months Ended			Six Months Ended June 30,	
	June 30, 2024	March 31, 2024	June 30, 2023	2024	2023
Revenues					
Postpaid revenues	\$ 12,899	\$ 12,631	\$ 12,070	\$ 25,530	\$ 23,932
Prepaid revenues	2,592	2,403	2,444	4,995	4,861
Wholesale and other service revenues	938	1,062	1,224	2,000	2,491
Total service revenues	16,429	16,096	15,738	32,525	31,284
Equipment revenues	3,106	3,251	3,169	6,357	6,888
Other revenues	237	247	289	484	656
Total revenues	19,772	19,594	19,196	39,366	38,828
Operating expenses					
Cost of services, exclusive of depreciation and amortization shown separately below	2,664	2,688	2,916	5,352	5,977
Cost of equipment sales, exclusive of depreciation and amortization shown separately below	4,088	4,399	4,088	8,487	8,676
Selling, general and administrative	5,142	5,138	5,272	10,280	10,697
Loss (gain) on disposal group held for sale	—	—	17	—	(25)
Depreciation and amortization	3,248	3,371	3,110	6,619	6,313
Total operating expenses	15,142	15,596	15,403	30,738	31,638
Operating income	4,630	3,998	3,793	8,628	7,190
Other expense, net					
Interest expense, net	(854)	(880)	(861)	(1,734)	(1,696)
Other (expense) income, net	(8)	20	6	12	15
Total other expense, net	(862)	(860)	(855)	(1,722)	(1,681)
Income before income taxes	3,768	3,138	2,938	6,906	5,509
Income tax expense	(843)	(764)	(717)	(1,607)	(1,348)
Net income	\$ 2,925	\$ 2,374	\$ 2,221	\$ 5,299	\$ 4,161
Net income	\$ 2,925	\$ 2,374	\$ 2,221	\$ 5,299	\$ 4,161
Other comprehensive income, net of tax					
Reclassification of loss from cash flow hedges, net of tax effect of \$15, \$15, \$13, \$30 and \$27	43	43	40	86	80
Net unrealized loss on fair value hedges, net of tax effect of \$(10), \$0, \$0, \$(10) and \$0	(30)	—	—	(30)	—
Unrealized gain on foreign currency translation adjustment, net of tax effect of \$0, \$0, \$0, \$0 and \$0	—	—	7	—	9
Amortization of actuarial gain, net of tax effect of \$(1), \$(2), \$0, \$(3) and \$0	(4)	(5)	—	(9)	—
Other comprehensive income	9	38	47	47	89
Total comprehensive income	\$ 2,934	\$ 2,412	\$ 2,268	\$ 5,346	\$ 4,250
Earnings per share					
Basic	\$ 2.50	\$ 2.00	\$ 1.86	\$ 4.50	\$ 3.45
Diluted	\$ 2.49	\$ 2.00	\$ 1.86	\$ 4.49	\$ 3.44
Weighted-average shares outstanding					
Basic	1,170,025,862	1,185,298,497	1,193,078,891	1,177,662,179	1,206,270,341
Diluted	1,172,447,353	1,189,092,019	1,195,533,499	1,180,929,879	1,210,220,958

T18.1

T-Mobile US, Inc.

Condensed Consolidated Statements of Cash Flows (Unaudited)

(in millions)	Three Months Ended			Six Months Ended June 30,	
	June 30, 2024	March 31, 2024	June 30, 2023	2024	2023
Operating activities					
Net income	\$ 2,925	\$ 2,374	\$ 2,221	\$ 5,299	\$ 4,161
Adjustments to reconcile net income to net cash provided by operating activities					
Depreciation and amortization	3,248	3,371	3,110	6,619	6,313
Stock-based compensation expense	164	140	167	304	344
Deferred income tax expense	747	715	703	1,462	1,314
Bad debt expense	255	282	213	537	435
Losses from sales of receivables	25	21	51	46	89
Loss on remeasurement of disposal group held for sale	—	—	22	—	9
Changes in operating assets and liabilities					
Accounts receivable	(1,286)	(416)	(1,514)	(1,702)	(2,782)
Equipment installment plan receivables	155	277	246	432	398
Inventory	221	170	362	391	491
Operating lease right-of-use assets	872	856	929	1,728	1,937
Other current and long-term assets	(416)	160	354	(256)	212
Accounts payable and accrued liabilities	38	(1,734)	(864)	(1,696)	(1,746)
Short- and long-term operating lease liabilities	(1,148)	(1,017)	(1,183)	(2,165)	(2,192)
Other current and long-term liabilities	(360)	(172)	(466)	(532)	(649)
Other, net	81	57	4	138	72
Net cash provided by operating activities	5,521	5,084	4,355	10,605	8,406
Investing activities					
Purchases of property and equipment, including capitalized interest of \$(8), \$(9), \$(14), \$(17) and \$(28)	(2,040)	(2,627)	(2,789)	(4,667)	(5,790)
Purchases of spectrum licenses and other intangible assets, including deposits	(156)	(61)	(33)	(217)	(106)
Proceeds from sales of tower sites	—	—	2	—	8
Proceeds related to beneficial interests in securitization transactions	958	890	1,309	1,848	2,654
Acquisition of companies, net of cash acquired	(390)	—	—	(390)	—
Other, net	(50)	11	24	(39)	19
Net cash used in investing activities	(1,678)	(1,787)	(1,487)	(3,465)	(3,215)
Financing activities					
Proceeds from issuance of long-term debt	2,136	3,473	3,450	5,609	6,463
Repayments of financing lease obligations	(351)	(327)	(304)	(678)	(610)
Repayments of long-term debt	(2,723)	(223)	(223)	(2,946)	(354)
Repurchases of common stock	(2,387)	(3,594)	(3,591)	(5,981)	(8,210)
Dividends on common stock	(759)	(769)	—	(1,528)	—
Tax withholdings on share-based awards	(16)	(192)	(70)	(208)	(257)
Other, net	(34)	(34)	(46)	(68)	(89)
Net cash used in financing activities	(4,134)	(1,666)	(784)	(5,800)	(3,057)
Change in cash and cash equivalents, including restricted cash and cash held for sale	(291)	1,631	2,084	1,340	2,134
Cash and cash equivalents, including restricted cash and cash held for sale					
Beginning of period	6,938	5,307	4,724	5,307	4,674
End of period	\$ 6,647	\$ 6,938	\$ 6,808	\$ 6,647	\$ 6,808

T19.1

T-Mobile US, Inc.

Condensed Consolidated Statements of Cash Flows (Continued)
(Unaudited)

(in millions)	Three Months Ended			Six Months Ended June 30,	
	June 30, 2024	March 31, 2024	June 30, 2023	2024	2023
Supplemental disclosure of cash flow information					
Interest payments, net of amounts capitalized	\$ 935	\$ 896	\$ 896	\$ 1,831	\$ 1,736
Operating lease payments	1,457	1,344	1,483	2,801	2,797
Income tax payments	107	7	95	114	122
Non-cash investing and financing activities					
Non-cash beneficial interest obtained in exchange for securitized receivables	\$ 833	\$ 661	\$ 1,109	\$ 1,494	\$ 2,228
Change in accounts payable and accrued liabilities for purchases of property and equipment	(232)	(894)	(408)	(1,126)	(737)
Operating lease right-of-use assets obtained in exchange for lease obligations	344	487	674	831	1,113
Financing lease right-of-use assets obtained in exchange for lease obligations	311	263	324	574	563
Contingent and other deferred consideration related to the Ka'ena Acquisition	210	—	—	210	—

T20.1

T-Mobile US, Inc.
Supplementary Operating and Financial Data
(Unaudited)

(in thousands)	Quarter						Six Months Ended June 30,	
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	2023	2024
Customers, end of period								
Postpaid phone customers ⁽¹⁾	73,372	74,132	74,982	75,936	76,468	77,245	74,132	77,245
Postpaid other customers ⁽¹⁾	20,153	20,954	21,330	22,116	22,804	23,365	20,954	23,365
Total postpaid customers	93,525	95,086	96,312	98,052	99,272	100,610	95,086	100,610
Prepaid customers ⁽²⁾	21,392	21,516	21,595	21,648	21,600	25,283	21,516	25,283
Total customers	114,917	116,602	117,907	119,700	120,872	125,893	116,602	125,893
Adjustments to customers ⁽¹⁾⁽²⁾	—	—	—	170	—	3,504	—	3,504

(1) In the fourth quarter of 2023, we recognized an additional base adjustment to increase postpaid phone customers by 20,000 and increase postpaid other customers by 150,000 due to fewer customers than expected whose service was deactivated as a result of the network shutdowns.

(2) In the second quarter of 2024, we acquired 3,504,000 prepaid customers through our acquisition of Ka'ena, which includes the impact of certain base adjustments to align the policies of Ka'ena and T-Mobile.

T20.2

(in thousands)	Quarter						Six Months Ended June 30,	
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	2023	2024
Net customer additions (losses)								
Postpaid phone customers	538	760	850	934	532	777	1,298	1,309
Postpaid other customers	755	801	376	636	688	561	1,556	1,249
Total postpaid customers	1,293	1,561	1,226	1,570	1,220	1,338	2,854	2,558
Prepaid customers	26	124	79	53	(48)	179	150	131
Total net customer additions	1,319	1,685	1,305	1,623	1,172	1,517	3,004	2,689
Migrations from prepaid to postpaid plans	145	140	155	170	145	140	285	285

T20.3

	Quarter						Six Months Ended June 30,	
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	2023	2024
Churn								
Postpaid phone churn	0.89 %	0.77 %	0.87 %	0.96 %	0.86 %	0.80 %	0.83 %	0.83 %
Prepaid churn	2.76 %	2.62 %	2.81 %	2.86 %	2.75 %	2.54 %	2.69 %	2.64 %

T20.4

	Quarter						Six Months Ended June 30,	
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	2023	2024
Postpaid upgrade rate								
Postpaid device upgrade rate	3.2 %	2.6 %	2.7 %	3.2 %	2.4 %	2.3 %	5.8 %	4.9 %

T21.1

T-Mobile US, Inc.
Supplementary Operating and Financial Data
(Unaudited)

(in thousands)	Quarter						Six Months Ended June 30,	
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	2023	2024
Accounts, end of period								
Total postpaid customer accounts	28,813	29,112	29,498	29,797	30,015	30,316	29,112	30,316

T21.2

(in thousands)	Quarter						Six Months Ended June 30,	
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	2023	2024
Net account additions								
Postpaid net account additions	287	299	386	299	218	301	586	519

T21.3

(in thousands)	Quarter						Six Months Ended June 30,	
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	2023	2024
High speed internet customers, end of period								
Postpaid high speed internet customers	2,855	3,302	3,807	4,288	4,634	4,992	3,302	4,992
Prepaid high speed internet customers	314	376	428	488	547	595	376	595
Total high speed internet customers, end of period	3,169	3,678	4,235	4,776	5,181	5,587	3,678	5,587

T21.4

(in thousands)	Quarter						Six Months Ended June 30,	
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	2023	2024
High speed internet - net customer additions								
Postpaid high speed internet customers	445	447	505	481	346	358	892	704
Prepaid high speed internet customers	78	62	52	60	59	48	140	107
Total high speed internet net customer additions	523	509	557	541	405	406	1,032	811

T21.5

(in millions)	Quarter						Six Months Ended June 30,	
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	2023	2024
Device financing - equipment installment plans								
Gross EIP financed	\$3,335	\$2,858	\$3,116	\$4,275	\$3,218	\$3,037	\$6,193	\$6,255
EIP billings	3,871	3,732	3,622	3,829	3,880	3,604	7,603	7,484
EIP receivables, net	7,262	6,745	6,349	6,498	5,967	5,556	6,745	5,556

T21.6

Device financing - leased devices								
Lease revenues	\$ 147	\$ 69	\$ 53	\$ 43	\$ 35	\$ 26	\$ 216	\$ 61
Leased device depreciation	58	46	37	29	22	15	104	37

T21.7

(in dollars)	Quarter						Six Months Ended June 30,	
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	2023	2024
Operating measures								
Postpaid ARPA	\$ 138.04	\$ 138.94	\$ 139.83	\$ 140.23	\$ 140.88	\$ 142.54	\$ 138.49	\$ 141.71
Postpaid phone ARPU	48.63	48.84	48.93	48.91	48.79	49.07	48.73	48.93
Prepaid ARPU	37.98	37.98	38.18	37.55	37.18	35.94	37.98	36.52

T22.1

T-Mobile US, Inc.

Supplementary Operating and Financial Data (continued)
(Unaudited)

(in millions, except percentages)	Quarter						Six Months Ended June 30,	
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	2023	2024
Financial measures								
Service revenues	\$15,546	\$15,738	\$15,914	\$16,043	\$16,096	\$16,429	\$31,284	\$32,525
Equipment revenues	\$3,719	\$3,169	\$3,076	\$4,174	\$3,251	\$3,106	\$6,888	\$6,357
Lease revenues	147	69	53	43	35	26	216	61
Equipment sales	\$3,572	\$3,100	\$3,023	\$4,131	\$3,216	\$3,080	\$6,672	\$6,296
Total revenues	\$19,632	\$19,196	\$19,252	\$20,478	\$19,594	\$19,772	\$38,828	\$39,366
Net income	\$1,940	\$2,221	\$2,142	\$2,014	\$2,374	\$2,925	\$4,161	\$5,299
Net income margin	12.5 %	14.1 %	13.5 %	12.6 %	14.7 %	17.8 %	13.3 %	16.3 %
Adjusted EBITDA	\$7,199	\$7,405	\$7,600	\$7,224	\$7,652	\$8,053	\$14,604	\$15,705
Adjusted EBITDA margin	46.3 %	47.1 %	47.8 %	45.0 %	47.5 %	49.0 %	46.7 %	48.3 %
Core Adjusted EBITDA	\$7,052	\$7,336	\$7,547	\$7,181	\$7,617	\$8,027	\$14,388	\$15,644
Core Adjusted EBITDA margin	45.4 %	46.6 %	47.4 %	44.8 %	47.3 %	48.9 %	46.0 %	48.1 %
Cost of services, exclusive of depreciation and amortization	\$3,061	\$2,916	\$2,886	\$2,792	\$2,688	\$2,664	\$5,977	\$5,352
Merger-related costs	208	178	120	146	107	73	386	180
Other Special Items	23	18	154	—	1	—	41	1
Cost of services, excluding depreciation and amortization and Special Items	\$2,830	\$2,720	\$2,612	\$2,646	\$2,580	\$2,591	\$5,550	\$5,171
Cost of equipment sales, exclusive of depreciation and amortization	\$4,588	\$4,088	\$4,249	\$5,608	\$4,399	\$4,088	\$8,676	\$8,487
Merger-related recoveries	(9)	—	(3)	—	—	—	(9)	—
Cost of equipment sales, excluding depreciation and amortization and Special Items	\$4,597	\$4,088	\$4,252	\$5,608	\$4,399	\$4,088	\$8,685	\$8,487
Selling, general and administrative	\$5,425	\$5,272	\$5,334	\$5,280	\$5,138	\$5,142	\$10,697	\$10,280
Merger-related costs (gain), net	159	98	35	102	23	(82)	257	(59)
Other Special Items	87	36	359	14	12	37	123	49
Selling, general and administrative, excluding Special Items	\$5,179	\$5,138	\$4,940	\$5,164	\$5,103	\$5,187	\$10,317	\$10,290
Total bad debt expense and losses from sales of receivables	\$ 260	\$ 264	\$ 274	\$ 265	\$ 303	\$ 280	\$ 524	\$ 583
Bad debt and losses from sales of receivables as a percentage of Total revenues	1.3 %	1.4 %	1.4 %	1.3 %	1.5 %	1.4 %	1.4 %	1.5 %
Cash purchases of property and equipment including capitalized interest	\$3,001	\$2,789	\$2,424	\$1,587	\$2,627	\$2,040	\$5,790	\$4,667
Capitalized interest	14	14	66	10	9	8	28	17
Net cash proceeds from securitization	\$ (29)	\$ (31)	\$ (33)	\$ (21)	\$ (29)	\$ (30)	\$ (60)	\$ (59)
Net cash payments for Merger-related costs	\$ 484	\$ 728	\$ 345	\$ 416	\$ 293	\$ 241	\$1,212	\$ 534

T22.2

(in millions, except share and per share amounts)	Quarter						Six Months Ended June 30,	
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	2023	2024
Stockholder returns								
Total repurchases	\$ 4,766	\$ 3,525	\$ 2,675	\$ 2,241	\$ 3,568	\$ 2,277	\$ 8,291	\$ 5,845
Total shares repurchased	32,963,940	25,183,838	19,313,159	15,464,107	21,933,790	13,979,843	58,147,778	35,913,633
Average purchase price per share	\$ 144.57	\$ 140.00	\$ 138.48	\$ 144.95	\$ 162.69	\$ 162.85	\$ 142.59	\$ 162.75
Total dividends paid	\$ —	\$ —	\$ —	\$ 747	\$ 769	\$ 759	\$ —	\$ 1,528
Dividends per share	\$ —	\$ —	\$ —	\$ 0.65	\$ 0.65	\$ 0.65	\$ —	\$ 1.30
Total stockholder returns	\$ 4,766	\$ 3,525	\$ 2,675	\$ 2,988	\$ 4,337	\$ 3,036	\$ 8,291	\$ 7,373
Cumulative stockholder returns	\$ 7,766	\$ 11,291	\$ 13,966	\$ 16,954	\$ 21,291	\$ 24,327	\$ 11,291	\$ 24,327

123.1

T-Mobile US, Inc.
Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures
(Unaudited)

This Investor Factbook includes non-GAAP financial measures. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information provided in accordance with GAAP. Reconciliations for the non-GAAP financial measures to the most directly comparable GAAP financial measures are provided below. T-Mobile is not able to forecast Net income on a forward-looking basis without unreasonable efforts due to the high variability and difficulty in predicting certain items that affect GAAP net income, including, but not limited to, Income tax expense and Interest expense. Adjusted EBITDA and Core Adjusted EBITDA should not be used to predict Net income, as the difference between either of these measures and Net income is variable.

Adjusted EBITDA and Core Adjusted EBITDA are reconciled to Net income as follows:

(in millions, except percentages)	Quarter						Six Months Ended June 30,	
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	2023	2024
Net income	\$1,940	\$2,221	\$2,142	\$2,014	\$2,374	\$2,925	\$4,161	\$5,299
Adjustments:								
Interest expense, net	835	861	790	849	880	854	1,696	1,734
Other (income) expense, net	(9)	(6)	(41)	(12)	(20)	8	(15)	(12)
Income tax expense	631	717	705	629	764	843	1,348	1,607
Operating income	3,397	3,793	3,596	3,480	3,998	4,630	7,190	8,628
Depreciation and amortization	3,203	3,110	3,187	3,318	3,371	3,248	6,313	6,619
Stock-based compensation ⁽¹⁾	173	155	152	164	140	147	328	287
Merger-related costs (gain), net ⁽²⁾	358	276	152	248	130	(9)	634	121
Legal-related (recoveries) expenses, net ⁽³⁾	(43)	—	—	1	—	15	(43)	15
(Gain) loss on disposal group held for sale	(42)	17	—	—	—	—	(25)	—
Other, net ⁽⁴⁾	153	54	513	13	13	22	207	35
Adjusted EBITDA	7,199	7,405	7,600	7,224	7,652	8,053	14,604	15,705
Lease revenues	(147)	(69)	(53)	(43)	(35)	(26)	(216)	(61)
Core Adjusted EBITDA	\$7,052	\$7,336	\$7,547	\$7,181	\$7,617	\$8,027	\$14,388	\$15,644
Net income margin (Net income divided by Service revenues)	12.5 %	14.1 %	13.5 %	12.6 %	14.7 %	17.8 %	13.3 %	16.3 %
Adjusted EBITDA margin (Adjusted EBITDA divided by Service revenues)	46.3 %	47.1 %	47.8 %	45.0 %	47.5 %	49.0 %	46.7 %	48.3 %
Core Adjusted EBITDA margin (Core Adjusted EBITDA divided by Service revenues)	45.4 %	46.6 %	47.4 %	44.8 %	47.3 %	48.9 %	46.0 %	48.1 %

- (1) Stock-based compensation includes payroll tax impacts and may not agree to stock-based compensation expense on the Condensed Consolidated Financial Statements. Additionally, certain stock-based compensation expenses associated with the Sprint Merger have been included in Merger-related costs (gain), net.
- (2) Merger-related costs (gain), net, for the three and six months ended June 30, 2024, includes the \$100 million gain recognized for the extension fee previously paid by DISH associated with the DISH License Purchase Agreement.
- (3) Legal-related (recoveries) expenses, net, consists of the settlement of certain litigation associated with the August 2021 cyberattack and is presented net of insurance recoveries.
- (4) Other, net, primarily consists of certain severance, restructuring and other expenses, gains and losses, including severance and related costs associated with the August 2023 workforce reduction, not directly attributable to the Merger which are not reflective of T-Mobile's core business activities and are, therefore, excluded from Adjusted EBITDA and Core Adjusted EBITDA.

T24.1

T-Mobile US, Inc.

Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures (continued) (Unaudited)

Net debt (excluding tower obligations) to the LTM Net income, LTM Adjusted EBITDA and LTM Core Adjusted EBITDA ratios are calculated as follows:

(in millions, except net debt ratios)	Mar 31, 2023	Jun 30, 2023	Sep 30, 2023	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024
Short-term debt	\$ 5,215	\$ 7,731	\$ 3,437	\$ 3,619	\$ 5,356	\$ 5,867
Short-term financing lease liabilities	1,180	1,220	1,286	1,260	1,265	1,252
Long-term debt	68,035	68,646	70,365	69,903	71,361	70,203
Long-term debt to affiliates	1,495	1,495	1,496	1,496	1,496	1,496
Financing lease liabilities	1,284	1,254	1,273	1,236	1,163	1,133
Less: Cash and cash equivalents	(4,540)	(6,647)	(5,030)	(5,135)	(6,708)	(6,417)
Net debt (excluding tower obligations)	\$ 72,669	\$ 73,699	\$ 72,827	\$ 72,379	\$ 73,933	\$ 73,534
Divided by: Last twelve months Net income	\$ 3,817	\$ 6,146	\$ 7,780	\$ 8,317	\$ 8,751	\$ 9,455
Net debt (excluding tower obligations) to LTM Net income Ratio	19.0	12.0	9.4	8.7	8.4	7.8
Divided by: Last twelve months Adjusted EBITDA	\$ 28,070	\$ 28,471	\$ 29,032	\$ 29,428	\$ 29,881	\$ 30,529
Net debt (excluding tower obligations) to LTM Adjusted EBITDA Ratio	2.6	2.6	2.5	2.5	2.5	2.4
Divided by: Last twelve months Core Adjusted EBITDA	\$ 26,980	\$ 27,698	\$ 28,517	\$ 29,116	\$ 29,681	\$ 30,372
Net debt (excluding tower obligations) to LTM Core Adjusted EBITDA Ratio	2.7	2.7	2.6	2.5	2.5	2.4

Adjusted Free Cash Flow is calculated as follows:

(in millions, except percentages)	Quarter						Six Months Ended June 30,	
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	2023	2024
Net cash provided by operating activities	\$4,051	\$4,355	\$5,294	\$4,859	\$5,084	\$5,521	\$8,406	\$10,605
Cash purchases of property and equipment, including capitalized interest	(3,001)	(2,789)	(2,424)	(1,587)	(2,627)	(2,040)	(5,790)	(4,667)
Proceeds from sales of tower sites	6	2	2	2	—	—	8	—
Proceeds related to beneficial interests in securitization transactions	1,345	1,309	1,131	1,031	890	958	2,654	1,848
Adjusted Free Cash Flow	\$2,401	\$2,877	\$4,003	\$4,305	\$3,347	\$4,439	\$5,278	\$7,786
Net cash provided by operating activities margin	26.1 %	27.7 %	33.3 %	30.3 %	31.6 %	33.6 %	26.9 %	32.6 %
Adjusted Free Cash Flow margin	15.4 %	18.3 %	25.2 %	26.8 %	20.8 %	27.0 %	16.9 %	23.9 %

T25.1

T-Mobile US, Inc.

Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures (continued) (Unaudited)

The current guidance range for Adjusted Free Cash Flow is calculated as follows:

(in millions)	FY 2024	
	Guidance Range	
Net cash provided by operating activities	\$ 21,800	\$ 22,200
Cash purchases of property and equipment, including capitalized interest	(8,700)	(9,100)
Proceeds related to beneficial interests in securitization transactions ⁽¹⁾	3,500	3,900
Adjusted Free Cash Flow	<u>\$ 16,600</u>	<u>\$ 17,000</u>

(1) Adjusted Free Cash Flow guidance does not assume any material net cash inflows from securitization in 2024.

T25.2

The previous guidance range for Adjusted Free Cash Flow was calculated as follows:

(in millions)	FY 2024	
	Guidance Range	
Net cash provided by operating activities	\$ 21,600	\$ 22,300
Cash purchases of property and equipment, including capitalized interest	(8,600)	(9,400)
Proceeds related to beneficial interests in securitization transactions ⁽¹⁾	3,400	4,000
Adjusted Free Cash Flow	<u>\$ 16,400</u>	<u>\$ 16,900</u>

(1) Adjusted Free Cash Flow guidance does not assume any material net cash inflows from securitization in 2024.

Definitions of Terms

Operating and financial measures are utilized by T-Mobile's management to evaluate its operating performance and, in certain cases, its ability to meet liquidity requirements. Although companies in the wireless industry may not define measures in precisely the same way, T-Mobile believes the measures facilitate key operating performance comparisons with other companies in the wireless industry to provide management, investors and analysts with useful information to assess and evaluate past performance and assist in forecasting future performance.

1. **Account** - A billing account number that generates revenue. Postpaid accounts generally consist of customers that are qualified for postpaid service utilizing phones, High Speed Internet modems, mobile internet devices, including tablets and hotspots, wearables, DIGITS or other connected devices, including SyncUP and IoT, where they generally pay after receiving service.
2. **Customer** - A SIM number with a unique T-Mobile identifier which is associated with an account that generates revenue. Customers are qualified either for postpaid service utilizing phones, High Speed Internet modems, mobile internet devices, including tablets and hotspots, wearables, DIGITS or other connected devices, including SyncUP and IoT, where they generally pay after receiving service, or prepaid service, where they generally pay in advance of receiving service.
3. **Churn** - The number of customers whose service was deactivated as a percentage of the average number of customers during the specified period further divided by the number of months in the period. The number of customers whose service was deactivated is presented net of customers that subsequently have their service restored within a certain period of time and excludes customers who received service for less than a certain minimum period of time.
4. **Postpaid Average Revenue Per Account (Postpaid ARPA)** - Average monthly postpaid service revenue earned per account. Postpaid service revenues for the specified period divided by the average number of postpaid accounts during the period, further divided by the number of months in the period.

Average Revenue Per User (ARPU) - Average monthly service revenue earned per customer. Service revenues for the specified period divided by the average number of customers during the period, further divided by the number of months in the period.

Postpaid phone ARPU excludes postpaid other customers and related revenues.

Service revenues - Postpaid, including handset insurance, prepaid, wholesale and other service revenues.

5. **Cost of services** - Costs directly attributable to providing wireless service through the operation of T-Mobile's network, including direct switch and cell site costs, such as rent, network access and transport costs, utilities, maintenance, associated labor costs, long distance costs, regulatory program costs, roaming fees paid to other carriers and data content costs.
- Cost of equipment sales** - Costs of devices and accessories sold to customers and dealers, device costs to fulfill insurance and warranty claims, write-downs of inventory related to shrinkage and obsolescence, and shipping and handling costs.
- Selling, general and administrative expenses** - Costs not directly attributable to providing wireless service for the operation of sales, customer care and corporate activities. These include all commissions paid to dealers and retail employees for activations and upgrades, labor and facilities costs associated with retail sales force and administrative space, marketing and promotional costs, customer support and billing, bad debt expense and administrative support activities.
6. **Net income margin** - Net income divided by Service revenues.
7. **Adjusted EBITDA and Core Adjusted EBITDA** - Adjusted EBITDA represents earnings before Interest expense, net of Interest income, Income tax expense, Depreciation and amortization, stock-based compensation and Special Items. Core Adjusted EBITDA represents Adjusted EBITDA less device lease revenues. Core Adjusted EBITDA and Adjusted EBITDA are non-GAAP financial measures utilized by T-Mobile's management to monitor the financial performance of our operations. T-Mobile historically used Adjusted EBITDA and T-Mobile currently uses Core Adjusted EBITDA internally as a measure to evaluate and compensate its personnel and management for their performance. T-Mobile uses Adjusted EBITDA and Core Adjusted EBITDA as benchmarks to evaluate its operating performance in comparison to competitors. Management believes analysts and investors use Core Adjusted EBITDA and Adjusted EBITDA as supplemental measures to evaluate overall operating performance and to facilitate comparisons with other wireless communications services companies because they are indicative of T-Mobile's ongoing operating performance and trends by excluding the impact of Interest expense from financing, non-cash depreciation and amortization from capital investments, non-cash stock-based compensation and Special Items. Management believes analysts and investors use Core Adjusted EBITDA because it normalizes for the transition in the company's device financing strategy, by excluding the impact of device lease revenues from Adjusted EBITDA, to align with the related depreciation expense on leased devices, which is excluded from the definition of Adjusted EBITDA. Core Adjusted EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation or as a substitute for Income from operations, Net income or any other measure of financial performance reported in accordance with U.S. Generally Accepted Accounting Principles ("GAAP").
8. **Special Items** - Certain expenses, gains, and losses which are not reflective of our ongoing performance. Special Items include Merger-related costs (gain), net, (Gain) loss on disposal groups held for sale, certain legal-related recoveries and expenses, restructuring costs not directly attributable to the Merger (including severance), and other non-core gains and losses.
9. **Adjusted EBITDA margin and Core Adjusted EBITDA margin** - Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by Service revenues. Core Adjusted EBITDA margin is calculated as Core Adjusted EBITDA divided by Service revenues. Adjusted EBITDA margin and Core Adjusted EBITDA margin are non-GAAP financial measures utilized by T-Mobile's management to monitor the financial performance of our operations.
10. **Net cash provided by operating activities margin** - Net cash provided by operating activities margin is calculated as Net cash provided by operating activities divided by Service revenues.
11. **Adjusted Free Cash Flow** - Net cash provided by operating activities less cash payments for purchases of property and equipment, plus proceeds from sales of tower sites and proceeds related to beneficial interests in securitization transactions and less Cash payments for debt prepayment or debt extinguishment costs. Adjusted Free Cash Flow is utilized by T-Mobile's management, investors, and analysts of our financial information to evaluate cash available to pay debt, repurchase shares, pay dividends and provide further investment in the business.
12. **Adjusted Free Cash Flow margin** - Adjusted Free Cash Flow margin is calculated as Adjusted Free Cash Flow divided by Service revenues. Adjusted Free Cash Flow Margin is utilized by T-Mobile's management, investors, and analysts to evaluate the company's ability to convert service revenue efficiently into cash available to pay debt, repurchase shares, pay dividends and provide further investment in the business.

13. **Net debt** - Short-term debt, short-term debt to affiliates, long-term debt (excluding tower obligations), and long-term debt to affiliates, short-term financing lease liabilities and financing lease liabilities, less cash and cash equivalents.
14. **Merger-related costs** include:
- Integration costs to achieve efficiencies in network, retail, information technology and back office operations, migrate customers to the T-Mobile network and billing systems and the impact of legal matters assumed as part of the Merger;
 - Restructuring costs, including severance, store rationalization and network decommissioning; and
 - Transaction costs, including legal and professional services related to the completion of the Merger and the acquisitions of affiliates.

Cautionary Statement Regarding Forward-Looking Statements

This communication includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including information concerning T-Mobile US, Inc.'s future results of operations, are forward-looking statements. These forward-looking statements are generally identified by the words "anticipate," "believe," "estimate," "expect," "intend," "may," "could" or similar expressions. Forward-looking statements are based on current expectations and assumptions, which are subject to risks and uncertainties and may cause actual results to differ materially from the forward-looking statements. Important factors that could affect future results and cause those results to differ materially from those expressed in the forward-looking statements include, among others, the following: competition, industry consolidation and changes in the market for wireless communications services and other forms of connectivity; criminal cyberattacks, disruption, data loss or other security breaches; our inability to take advantage of technological developments on a timely basis; our inability to retain or motivate key personnel, hire qualified personnel or maintain our corporate culture; system failures and business disruptions, allowing for unauthorized use of or interference with our network and other systems; the scarcity and cost of additional wireless spectrum, and regulations relating to spectrum use; the impacts of the actions we have taken and conditions we have agreed to in connection with the regulatory proceedings and approvals of the Transactions (as defined below), including the acquisition by DISH Network Corporation ("DISH") of the prepaid wireless business operated under the Boost Mobile and Sprint prepaid brands (excluding the Assurance brand Lifeline customers and the prepaid wireless customers of Shenandoah Personal Communications Company LLC and Swiftel Communications, Inc.), including customer accounts, inventory, contracts, intellectual property and certain other specified assets, and the assumption of certain related liabilities (collectively, the "Prepaid Transaction"), the complaint and proposed final judgment agreed to by us, Deutsche Telekom AG ("DT"), Sprint Corporation, now known as Sprint LLC ("Sprint"), SoftBank Group Corp. ("SoftBank") and DISH with the U.S. District Court for the District of Columbia, which was approved by the Court on April 1, 2020, the proposed commitments filed with the Secretary of the Federal Communications Commission ("FCC"), which we announced on May 20, 2019, certain national security commitments and undertakings, and any other commitments or undertakings entered into, including, but not limited to, those we have made to certain states and nongovernmental organizations (collectively, the "Government Commitments"), and the challenges in satisfying the Government Commitments in the required time frames and the significant cumulative costs incurred in tracking and monitoring compliance over multiple years; adverse economic, political or market conditions in the U.S. and international markets, including changes resulting from increases in inflation or interest rates, supply chain disruptions and impacts of geopolitical instability, such as the Ukraine-Russia war and Israel-Hamas war; sociopolitical volatility and polarization; our inability to manage the ongoing commercial services arrangements entered into in connection with the Prepaid Transaction, and known or unknown liabilities arising in connection therewith; the timing and effects of any future acquisition, divestiture, investment, or merger involving us, including our inability to obtain any required regulatory approval necessary to consummate any such transactions; any disruption or failure of our third parties (including key suppliers) to provide products or services for the operation of our business; our substantial level of indebtedness and our inability to service our debt obligations in accordance with their terms; changes in the credit market conditions, credit rating downgrades or an inability to access debt markets; the risk of future material weaknesses we may identify, or any other failure by us to maintain effective internal controls, and the resulting significant costs and reputational damage; any changes in regulations or in the regulatory framework under which we operate; laws and regulations relating to the handling of privacy and data protection; unfavorable outcomes of and increased costs from existing or future regulatory or legal proceedings; difficulties in protecting our intellectual property rights or if we infringe on the intellectual property rights of others; our offering of regulated financial services products and exposure to a wide variety of state and federal regulations; new or amended tax laws or regulations or administrative interpretations and judicial decisions affecting the scope or application of tax laws or regulations; our wireless licenses, including those controlled through leasing agreements, are subject to renewal and may be revoked; our exclusive forum provision as provided in our Certificate of Incorporation; interests of DT, our controlling stockholder, which may differ from the interests of other stockholders; the dollar amount authorized for our 2023-2024 Stockholder Return Program may not be fully utilized, and our share repurchases and dividend payments pursuant thereto may fail to have the desired impact on stockholder value; future sales of our common stock by DT and SoftBank and our inability to attract additional equity financing outside the United States due to foreign ownership limitations by the FCC; and other risks as disclosed in our most recent annual report on Form 10-K, 10-Q and other filings with the Securities and Exchange Commission. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law.

About T-Mobile US, Inc.

T-Mobile US, Inc. (NASDAQ: TMUS) is America's supercharged Un-carrier, delivering an advanced 4G LTE and transformative nationwide 5G network that will offer reliable connectivity for all. T-Mobile's customers benefit from its unmatched combination of value and quality, unwavering obsession with offering them the best possible service experience and undisputable drive for disruption that creates competition and innovation in wireless and beyond. Based in Bellevue, Wash., T-Mobile provides services through its subsidiaries and operates its flagship brands, T-Mobile, Metro by T-Mobile and Mint Mobile. For more information please visit: <http://www.t-mobile.com>.