

T-Mobile Delivers Industry-Leading Growth in Customers, Service Revenues, Profitability and Cash Flows in Q3, Raises 2024 Guidance Across the Board

Un-carrier Delivers Highest Q3 Postpaid Phone Net Customer Additions in a Decade, Lowest Q3 Postpaid Phone Churn in Company History and Hits 6 Million Broadband Customer Milestone

Industry-Leading Customer Growth Fueled by Best Network and Best Value Combination⁽¹⁾

- Postpaid net account additions of 315 thousand, best in industry
- Postpaid net customer additions of 1.6 million, best in industry
- Postpaid phone net customer additions of 865 thousand, best in industry, highest Q3 in a decade
- Postpaid phone churn of 0.86%, record low for Q3
- High Speed Internet net customer additions of 415 thousand, best in industry

Translating Industry-Leading Customer Growth into Industry-Leading Financial Performance

- Service revenues of \$16.7 billion grew 5% year-over-year, best in industry growth
- Postpaid service revenues of \$13.3 billion grew 8% year-over-year, best in industry growth
- Net income of \$3.1 billion grew 43% year-over-year, best in industry growth
- Diluted earnings per share ("EPS") of \$2.61 grew 43% year-over-year, best in industry growth
- Core Adjusted EBITDA⁽²⁾ of \$8.2 billion grew 9% year-over-year, best in industry growth
- Net cash provided by operating activities of \$6.1 billion, record high and grew 16% year-over-year, best in industry growth
- Adjusted Free Cash Flow⁽²⁾ of \$5.2 billion, record high and grew 29% year-over-year, best in industry growth
- Returned \$1.4 billion to stockholders in Q3 2024, including repurchases of \$644 million and a cash dividend of \$758 million, and returned an additional \$891 million in repurchases in Q4 through October 18th

Extending Overall Network Lead with Best Assets, Customer Centricity and Technology Leadership

- For the fourth year in a row, T-Mobile won best 5G availability in the world and was the only US operator to earn a 5G Global Winner award for this category from Opensignal
- Largest Voice over New Radio (VoNR) coverage with more than 300 million Americans covered, further improving performance and spectral efficiency

Bellevue, WA — October 23, 2024 — T-Mobile US, Inc. (NASDAQ: TMUS) reported third quarter 2024 results today, raising full-year guidance across the board while delivering industry-leading customer growth, including its highest Q3 postpaid phone net customer additions in a decade, lowest Q3 postpaid phone churn in company history, and hitting 6 million broadband customers. The company translated best-in-class customer growth into industry-leading growth in service revenues, profitability and cash flows. T-Mobile shared plans to drive long-term value creation well into the future at its recent Capital Markets Day, with continued industry-leading growth in profitability leading to cash flows supporting an approximately \$80 billion capacity for investments and stockholder returns through 2027.

"Delivering another quarter of industry-leading results, including our best Q3 postpaid phone net adds in a decade and record low Q3 churn, translated into outsized financial results and empowered us to raise our 2024 guidance yet again," said Mike Sievert, CEO of T-Mobile. "Results like these prove that our powerful combination of best-in-class network, unmatched value and innovative experiences for customers is a winning formula and will enable us to keep pace with our ambitious multi-year plan for the future. It's an exciting time at T-Mobile as we have so much runway in front of us for profitable, industry-leading growth into the next era of Un-carrier."

(1) AT&T Inc. 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.

Industry-Leading Customer Growth Fueled by Best Network and Best Value Combination⁽¹⁾

- **Postpaid net account additions** of 315 thousand decreased 71 thousand year-over-year.
- **Postpaid net customer additions** of 1.6 million increased 349 thousand year-over-year.
- **Postpaid phone net customer additions** of 865 thousand increased 15 thousand year-over-year. Postpaid phone churn of 0.86% improved 1 basis point year-over-year.
- **Prepaid net customer additions** of 24 thousand decreased 55 thousand year-over-year. Prepaid churn of 2.78% improved 3 basis points year-over-year.
- **High Speed Internet net customer additions** of 415 thousand decreased 142 thousand year-over-year. T-Mobile ended the quarter with 6.0 million High Speed Internet customers.
- **Total net customer additions** of 1.6 million increased 294 thousand year-over-year. Total customer connections increased to a record high of 127.5 million.

(in thousands, except churn)	Quarter			Nine Months Ended September 30,	
	Q3 2024	Q2 2024	Q3 2023	2024	2023
Postpaid net account additions	315	301	386	834	972
Total net customer additions	1,599	1,517	1,305	4,288	4,309
Postpaid net customer additions	1,575	1,338	1,226	4,133	4,080
Postpaid phone net customer additions	865	777	850	2,174	2,148
Postpaid other net customer additions ⁽²⁾	710	561	376	1,959	1,932
Prepaid net customer additions ⁽²⁾	24	179	79	155	229
Total customers, end of period ^{(2) (3)}	127,492	125,893	117,907	127,492	117,907
Postpaid phone churn	0.86 %	0.80 %	0.87 %	0.84 %	0.84 %
Prepaid churn	2.78 %	2.54 %	2.81 %	2.69 %	2.73 %
High Speed Internet net customer additions	415	406	557	1,226	1,589
Total High Speed Internet customers, end of period	6,002	5,587	4,235	6,002	4,235

(1) AT&T Inc. 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) Includes High Speed Internet customers.

(3) 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.

Translating Industry-Leading Customer Growth Into Industry-Leading Financial Performance⁽¹⁾

- **Total service revenues** of \$16.7 billion increased 5% year-over-year, and Postpaid service revenues of \$13.3 billion increased 8% year-over-year.
- **Net income** of \$3.1 billion increased 43% year-over-year.
- **Diluted EPS** of \$2.61 per share increased 43% year-over-year.
- **Core Adjusted EBITDA** of \$8.2 billion increased 9% year-over-year.
- **Net cash provided by operating activities** of \$6.1 billion increased 16% year-over-year, which included cash payments for Merger-related costs of \$124 million.
- **Cash purchases of property and equipment, including capitalized interest**, of \$2.0 billion decreased 19% year-over-year.
- **Adjusted Free Cash Flow** of \$5.2 billion increased 29% year-over-year, which included cash payments for Merger-related costs of \$124 million.
- **Stockholder Returns** included 3.2 million shares of common stock repurchased for \$644 million in Q3 2024, with 153.4 million cumulative shares repurchased for \$22.7 billion as of September 30, 2024.
 - In Q4 through October 18, 2024, the company returned an additional \$891 million to stockholders.
 - The remaining authorization for stock repurchases and quarterly cash dividends as of October 18, 2024 is \$6.4 billion through December 31, 2024.
 - The next dividend of \$0.88 per share is payable on December 12, 2024.

(in millions, except EPS)	Quarter			Nine Months Ended September 30,		Q3 2024 vs. Q2 2024	Q3 2024 vs. Q3 2023	YTD 2024 vs. YTD 2023
	Q3 2024	Q2 2024	Q3 2023	2024	2023			
Total service revenues	\$ 16,725	\$ 16,429	\$ 15,914	\$ 49,250	\$ 47,198	1.8 %	5.1 %	4.3 %
Postpaid service revenues	13,308	12,899	12,288	38,838	36,220	3.2 %	8.3 %	7.2 %
Total revenues	20,162	19,772	19,252	59,528	58,080	2.0 %	4.7 %	2.5 %
Net income	3,059	2,925	2,142	8,358	6,303	4.6 %	42.8 %	32.6 %
Diluted EPS	2.61	2.49	1.82	7.10	5.26	4.8 %	43.4 %	35.0 %
Adjusted EBITDA	8,243	8,053	7,600	23,948	22,204	2.4 %	8.5 %	7.9 %
Core Adjusted EBITDA	8,222	8,027	7,547	23,866	21,935	2.4 %	8.9 %	8.8 %
Net cash provided by operating activities	6,139	5,521	5,294	16,744	13,700	11.2 %	16.0 %	22.2 %
Cash purchases of property and equipment, including capitalized interest	1,961	2,040	2,424	6,628	8,214	(3.9)%	(19.1)%	(19.3)%
Adjusted Free Cash Flow	5,162	4,439	4,003	12,948	9,281	16.3 %	29.0 %	39.5 %

(1) Industry-leading claims are based on consensus expectations if results are not yet reported.

Extending Overall Network Lead with Best Assets, Customer Centricity and Technology Leadership

T-Mobile's combination of best network assets, customer centricity and technology leadership is expected to keep the company's network years ahead of the competition well into the future. The company's unique Customer-Driven-Coverage model employs AI based assessment of customer experiences utilizing T-Mobile's network data in order to improve network performance, deliver higher customer satisfaction, and prioritize network investments where they matter most to customers. Additionally, T-Mobile operates the only scaled nationwide 5G stand-alone core with VoNR coverage now reaching more than 300 million people, further improving call quality, reducing latency and improving customer experiences. And as more new phones support advanced capabilities like VoNR and four-carrier aggregation to further increase spectral efficiency, the company will be able to further differentiate its network performance.

T-Mobile is the overall network leader, with the company continuing to earn third-party recognition for its overall network performance:

- **Opensignal:** In its latest 5G Global Mobile Network Experience report, for the fourth year in a row, T-Mobile was crowned the global leader in 5G availability and was the only US operator to win a 5G Global Winner award for any category.

Note: 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. 5G Global Mobile Network Experience Awards, T-Mobile USA large land mass group & T-Mobile Puerto Rico small land mass group, 2024, based on independent analysis of mobile measurements recorded during the period January 1–June 29, 2024 © 2024 Opensignal Limited.

Raising 2024 Guidance Across the Board

- Postpaid net customer additions are expected to be between 5.6 million and 5.8 million, an increase from prior guidance of 5.4 million to 5.7 million.
- Core Adjusted EBITDA, which is Adjusted EBITDA less lease revenues, is expected to be between \$31.6 billion and \$31.8 billion, an increase at the midpoint from prior guidance of \$31.5 billion to \$31.8 billion.
- Net cash provided by operating activities, including payments for Merger-related costs, is expected to be between \$22.0 billion and \$22.3 billion, an increase from prior guidance of \$21.8 billion to \$22.2 billion.
- Cash purchases of property and equipment, including capitalized interest, are expected to be between \$8.8 billion and \$9.0 billion, versus prior guidance of \$8.7 billion to \$9.1 billion.
- Adjusted Free Cash Flow, including payments for Merger-related costs, is expected to be between \$16.7 billion and \$17.0 billion, an increase at the midpoint from prior guidance of \$16.6 billion to \$17.0 billion. Adjusted Free Cash Flow guidance does not assume any material net cash inflows from securitization.

(in millions, except Postpaid net customer additions and Effective tax rate)	Previous		Current		Change (Mid-point)
Postpaid net customer additions (thousands)	5,400	5,700	5,600	5,800	150
Net income ⁽¹⁾	N/A	N/A	N/A	N/A	N/A
Effective tax rate	24%	25%	~24%		(50) bps
Core Adjusted EBITDA ⁽²⁾	\$ 31,500	\$ 31,800	\$ 31,600	\$ 31,800	\$ 50
Net cash provided by operating activities	21,800	22,200	22,000	22,300	150
Capital expenditures ⁽³⁾	8,700	9,100	8,800	9,000	—
Adjusted Free Cash Flow ⁽⁴⁾	16,600	17,000	16,700	17,000	50

(1) 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. 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 Company operations, excluding the impact of lease revenues from related device financing programs. 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.

Financial Results

For more details on T-Mobile's Q3 2024 financial results, including the Investor Factbook with detailed financial tables, please visit T-Mobile US, Inc.'s Investor Relations website at <https://investor.t-mobile.com>.

Earnings Call Information**Date/Time**

- Wednesday, October 23, 2024, at 4:30 p.m. (EDT)

Pre-registration link for dial-in access

Participants can pre-register for the conference call [here](#) in order to receive dial-in information.

Access via Phone (audio only)

Please plan on accessing the call 10 minutes prior to the scheduled start time.

- Toll Free: 1-866-777-2509
- International: 1-412-317-5413

Access via Webcast

The earnings call will be broadcasted live and can be replayed via the Investor Relations website at <https://investor.t-mobile.com>.

Submit Questions via X

Send a post to @TMobileIR or @MikeSievert using \$TMUS

Contact Information

- Media Relations: mediarelations@t-mobile.com
- Investor Relations: investor.relations@t-mobile.com

T-Mobile Social Media

Investors and others should note that we announce material financial and operational information to our investors using our investor relations website (<https://investor.t-mobile.com>), newsroom website (<https://t-mobile.com/news>), press releases, SEC filings and public conference calls and webcasts. We also intend to use certain social media accounts as a means of disclosing information about us and our services and for complying with our disclosure obligations under Regulation FD (the @TMobileIR X account (<https://x.com/TMobileIR>), the @MikeSievert X account (<https://x.com/MikeSievert>), which Mr. Sievert also uses as a means for personal communications and observations, and the @TMobileCFO X account (<https://x.com/tmobilecfo>), and our CFO's LinkedIn account (<https://www.linkedin.com/in/peter-osvaldik-3887394>), both of which Mr. Osvaldik also uses as a means for personal communication and observations). The information we post through these social media channels may be deemed material. Accordingly, investors should monitor these social media channels in addition to following our press releases, SEC filings and public conference calls and webcasts. The social media channels that we intend to use as a means of disclosing the information described above may be updated from time to time as listed on our investor relations website.

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: <https://www.t-mobile.com>.

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 Swifel 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.

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

This Press Release 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)	Quarter							Nine Months Ended September 30,	
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	2023	2024
Net income	\$ 1,940	\$ 2,221	\$ 2,142	\$ 2,014	\$ 2,374	\$ 2,925	\$ 3,059	\$ 6,303	\$ 8,358
Adjustments:									
Interest expense, net	835	861	790	849	880	854	836	2,486	2,570
Other (income) expense, net	(9)	(6)	(41)	(12)	(20)	8	(7)	(56)	(19)
Income tax expense	631	717	705	629	764	843	908	2,053	2,515
Operating income	3,397	3,793	3,596	3,480	3,998	4,630	4,796	10,786	13,424
Depreciation and amortization	3,203	3,110	3,187	3,318	3,371	3,248	3,151	9,500	9,770
Stock-based compensation ⁽¹⁾	173	155	152	164	140	147	143	480	430
Merger-related costs (gain), net ⁽²⁾	358	276	152	248	130	(9)	—	786	121
Legal-related (recoveries) expenses, net ⁽³⁾	(43)	—	—	1	—	15	1	(43)	16
(Gain) loss on disposal group held for sale	(42)	17	—	—	—	—	—	(25)	—
Other, net ⁽⁴⁾	153	54	513	13	13	22	152	720	187
Adjusted EBITDA	7,199	7,405	7,600	7,224	7,652	8,053	8,243	22,204	23,948
Lease revenues	(147)	(69)	(53)	(43)	(35)	(26)	(21)	(269)	(82)
Core Adjusted EBITDA	\$ 7,052	\$ 7,336	\$ 7,547	\$ 7,181	\$ 7,617	\$ 8,027	\$ 8,222	\$ 21,935	\$ 23,866

- (1) Stock-based compensation includes payroll tax impacts and may not agree to stock-based compensation expense in the Condensed Consolidated Financial Statements. Additionally, certain stock-based compensation expenses associated with the merger with Sprint Corporation (the "Merger") have been included in Merger-related costs (gain), net.
- (2) Merger-related costs (gain), net, for the nine months ended September 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, 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.

Adjusted EBITDA represents earnings before Interest expense, net of Interest income, Income tax expense, Depreciation and amortization, stock-based compensation and certain expenses, gains and losses, which are not reflective of our ongoing operating performance ("Special Items"). 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. 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 uses Core Adjusted EBITDA and Adjusted EBITDA as benchmarks to evaluate T-Mobile's operating performance in comparison to its competitors. T-Mobile also uses Core Adjusted EBITDA internally as a measure to evaluate and compensate its personnel and management for their performance. 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 substitutes for Net income or any other measure of financial performance reported in accordance with U.S. Generally Accepted Accounting Principles ("GAAP").

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

Adjusted Free Cash Flow is calculated as follows:

(in millions, except percentages)	Quarter							Nine Months Ended September 30,	
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	2023	2024
Net cash provided by operating activities	\$4,051	\$4,355	\$5,294	\$4,859	\$5,084	\$5,521	\$6,139	\$13,700	\$16,744
Cash purchases of property and equipment, including capitalized interest	(3,001)	(2,789)	(2,424)	(1,587)	(2,627)	(2,040)	(1,961)	(8,214)	(6,628)
Proceeds from sales of tower sites	6	2	2	2	—	—	—	10	—
Proceeds related to beneficial interests in securitization transactions	1,345	1,309	1,131	1,031	890	958	984	3,785	2,832
Adjusted Free Cash Flow	<u>\$2,401</u>	<u>\$2,877</u>	<u>\$4,003</u>	<u>\$4,305</u>	<u>\$3,347</u>	<u>\$4,439</u>	<u>\$5,162</u>	<u>\$9,281</u>	<u>\$12,948</u>
Net cash provided by operating activities margin (Net cash provided by operating activities divided by Service revenues)	26.1 %	27.7 %	33.3 %	30.3 %	31.6 %	33.6 %	36.7 %	29.0 %	34.0 %
Adjusted Free Cash Flow margin (Adjusted Free Cash Flow divided by Service revenues)	15.4 %	18.3 %	25.2 %	26.8 %	20.8 %	27.0 %	30.9 %	19.7 %	26.3 %

Adjusted Free Cash Flow - Net cash provided by operating activities less Cash purchases of property and equipment, plus Proceeds from sales of tower sites and Proceeds related to beneficial interests in securitization transactions. Adjusted Free Cash Flow is utilized by T-Mobile's management, investors and analysts to evaluate cash available to pay debt, repurchase shares, pay dividends and provide further investment in the business.

Adjusted Free Cash Flow margin - 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 and provide further investment in the business.

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	\$ 22,000	\$ 22,300
Cash purchases of property and equipment, including capitalized interest	(8,800)	(9,000)
Proceeds related to beneficial interests in securitization transactions ⁽¹⁾	3,500	3,700
Adjusted Free Cash Flow	<u>\$ 16,700</u>	<u>\$ 17,000</u>

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

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	\$ 21,800	\$ 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.

T-Mobile US, Inc.
Operating Measures
(Unaudited)

The following table sets forth company operating measures ARPA and ARPU:

(in dollars)	Quarter							Nine Months Ended September 30,	
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	2023	2024
Postpaid ARPA	\$ 138.04	\$ 138.94	\$ 139.83	\$ 140.23	\$ 140.88	\$ 142.54	\$ 145.60	\$ 138.94	\$ 143.02
Postpaid phone ARPU	48.63	48.84	48.93	48.91	48.79	49.07	49.79	48.80	49.22
Prepaid ARPU	37.98	37.98	38.18	37.55	37.18	35.94	35.81	38.05	36.27

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.