T-Mobile

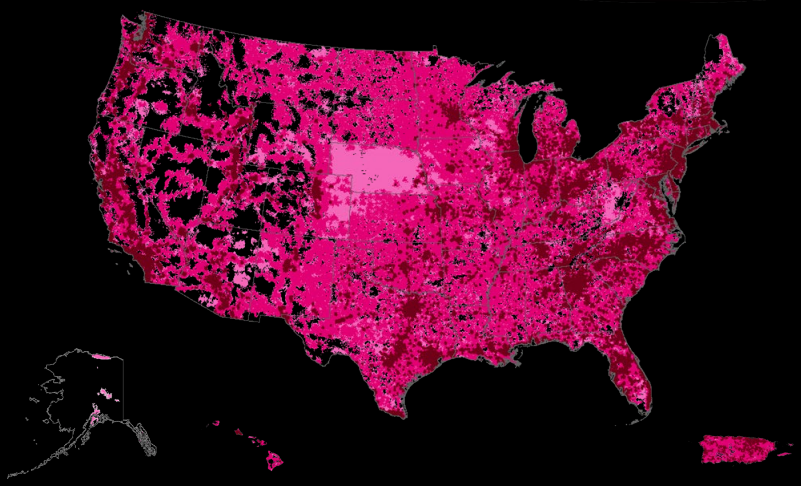
Q1 2022 - FACT SHEET

MISSION

# BEST IN THE WORLD

## AT CONNECTING CUSTOMERS TO THEIR WORLD

## THE UNDISPUTED LEADER IN THE 5G ERA



### America's Largest & Fastest 5G Network

Delivering more 5G geographical coverage than Verizon and AT&T combined at the end of Q1 2022, T-Mobile is positioned to maintain 5G Leadership in the 5G Era. Multiple independent third-party network benchmarking reports continue to recognize T-Mobile as the 5G leader.

- 4G LTE
- 5G EXTENDED RANGE
- 5G ULTRA CAPACITY

## EXPANDING ADDRESSABLE MARKETS

| | Addressable Market | OUTLOOK |
|---|---|---|
| Smaller Markets & Rural Areas | 50M<br>US Households | Expect to increase market share to nearly 20% by 2025 |
| T-Mobile for Business | 50M+<br>Corporate Liable Lines | Expect to increase market share to nearly 20% by 2025 |
| High Speed Internet | $90B+<br>Annual Industry Revenues | Expect to add 7-8M customers by 2025 |
| 5G Category Expansion | • Deepening relationships to grow ARPA<br>• Margin accretive data devices to grow in 5G era | |

## UNLOCKING MERGER SYNERGIES

- Bigger and faster synergy realization
- Total run rate cost synergies expected to reach approximately $7.5B per year

## INDUSTRY-LEADING FINANCIAL RESULTS

- Invest to complete integration and 5G network build while funding growth
- De-lever to mid-2x Core Adjusted EBITDA leverage ratio
- Potential for massive return of capital to shareholders of up to $60B cumulative between 2023 and 2025

T-Mobile

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**POSTPAID NET CUSTOMER ADDITIONS**
**$1.3M**
**INDUSTRY LEADING**

**SERVICE REVENUES**
**$15.1B**
**GREW 7% YoY**

**STRONG NET INCOME**
**$713M**

**CORE ADJUSTED EBITDA**
**$6.5B**
**GROWTH INDUSTRY LEADING**

**NET CASH**
**Provided by Operating Activities**
**$3.8B**
**Grew 7% YoY**

**FREE CASH FLOW**
**$1.6B**
**GROWTH INDUSTRY LEADING**

## Customer Metrics

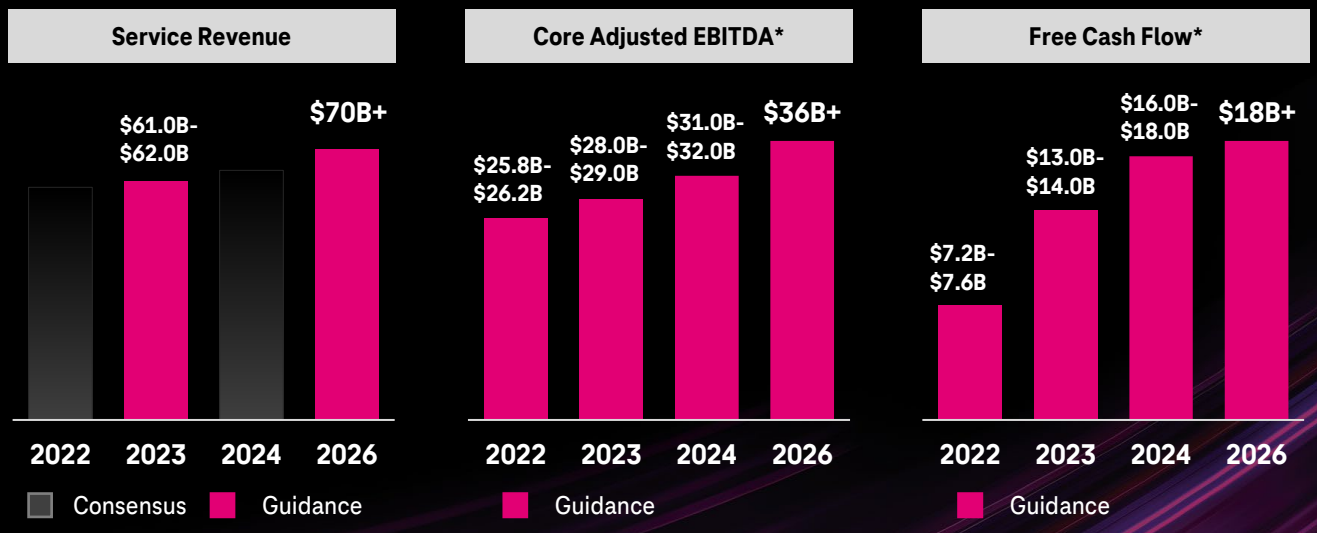
| (in thousands) | Q1 2020[1] | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 |
|---|---|---|---|---|---|---|---|---|---|
| Postpaid account net additions | 197 | 101 | 137 | 131 | 257 | 348 | 268 | 315 | 348 |
| Postpaid net customer additions | 777 | 1,112 | 1,979 | 1,618 | 1,210 | 1,276 | 1,259 | 1,750 | 1,318 |
| Postpaid phone net customer additions | 452 | 253 | 689 | 824 | 773 | 627 | 673 | 844 | 589 |
| High Speed Internet net customer additions | 6 | 5 | 12 | 65 | 93 | 95 | 134 | 224 | 338 |
| Total customers, end of period | 68,543 | 98,327 | 100,362 | 102,064 | 103,437 | 104,789 | 106,920 | 108,719 | 109,541 |

## Financial Metrics

| (in millions) | Q1 2020[1] | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 |
|---|---|---|---|---|---|---|---|---|---|
| Service Revenue | 8,846 | $ 13,230 | $ 14,139 | $ 14,180 | $ 14,192 | $ 14,492 | $ 14,722 | $ 14,963 | $15,128 |
| Core Adjusted EBITDA* | 3,500 | $ 5,596 | $ 5,779 | $ 5,501 | $ 5,864 | $ 5,992 | $ 6,041 | $ 5,679 | $6,463 |
| Free Cash Flow* | 732 | $(902) | $352 | $476 | $1,304 | $1,671 | $1,559 | $1,112 | $1,649 |

*1- Results represent stand-alone T-Mobile*

## Outlook




* This document includes forward looking statements based on current expectations and assumptions, which are subject to risks and uncertainties that may cause actual results to differ materially from the forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. For complete information regarding the Company's results for a certain fiscal period, please refer to the Company's most recent earnings release and corresponding Annual Report on Form 10-K or Quarterly Report on Form 10-Q. These releases and reports are publicly available on the Company's Investor Relations website and the SEC's website.

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

This Fact Sheet contains 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, stock-based compensation 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:

| | Quarter | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **(in millions)** | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 |
| Net income | $951 | $110 | $1,253 | $750 | $933 | $978 | $691 | $422 | $713 |
| Adjustments: | | | | | | | | | |
| Interest expense, net | 272 | 833 | 806 | 790 | 835 | 850 | 836 | 821 | 864 |
| Other expense, net | 10 | 195 | 99 | 101 | 125 | 1 | 60 | 13 | 11 |
| Income tax expense (benefit) | 306 | 2 | 407 | 71 | 246 | 277 | (3) | (193) | (218) |
| Operating income | 1,539 | 820 | 2,565 | 1,712 | 2,139 | 2,106 | 1,584 | 1,063 | 1,806 |
| Depreciation and amortization | 1,718 | 4,064 | 4,150 | 4,219 | 4,289 | 4,077 | 4,145 | 3,872 | 3,585 |
| Operating income from discontinued operations [1] | - | 432 | - | - | - | - | - | - | - |
| Stock-based compensation [2] | 123 | 139 | 125 | 129 | 130 | 129 | 127 | 135 | 136 |
| Merger-related costs | 143 | 798 | 288 | 686 | 298 | 611 | 955 | 1,243 | 1,413 |
| COVID-19-related costs [3] | 117 | 341 | - | - | - | - | - | - | - |
| Impairment expense | - | 418 | - | - | - | - | - | - | - |
| Other, net [4] | 25 | 5 | 1 | - | 49 | (17) | - | (11) | 10 |
| Adjusted EBITDA | 3,665 | 7,017 | 7,129 | 6,746 | 6,905 | 6,906 | 6,811 | 6,302 | 6,950 |
| Lease revenues | (165) | (1,421) | (1,350) | (1,245) | (1,041) | (914) | (770) | (623) | (487) |
| Core Adjusted EBITDA | $3,500 | $5,596 | $5,779 | $5,501 | $5,864 | $5,992 | $6,041 | $5,679 | 6,463 |

(1) Following the Prepaid Transaction (as defined below), starting on July 1, 2020, we provide MVNO services to DISH. We have included the operating income from discontinued operations, for periods prior to the Prepaid Transaction, in our determination of the Adjusted EBITDA to reflect contributions of the Prepaid Business that has been replaced by the MVNO Agreement beginning on July 1, 2020 in order to enable management, analysts and investors to better assess ongoing operating performance and trends.
(2) 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 have been included in Merger-related costs.
(3) Supplemental employee payroll, third-party commissions and cleaning-related COVID-19-related costs were not significant for Q3 2020, Q4 2020, Q1 2021, Q2 2021, Q3 2021 and Q4 2021.
(4) Other, net may not agree to the Condensed Consolidated Statements of Comprehensive Income, primarily due to certain non-routine operating activities, such as other special items that would not be expected to reoccur or are not reflective of T-Mobile's ongoing operating performance, and are, therefore, excluded from Adjusted EBITDA and Core Adjusted EBITDA.

Free Cash Flow and Free Cash Flow, excluding gross payments for the settlement of interest rate swaps, are calculated as follows:

| | Quarter | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| (in millions) | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 |
| Net cash provided by operating activities | $1,617 | $777 | $2,772 | $3,474 | $3,661 | $3,779 | $3,477 | $3,000 | $3,845 |
| Cash purchases of property and equipment | (1,753) | (2,257) | (3,217) | (3,807) | (3,183) | (3,270) | (2,944) | (2,929) | (3,381) |
| Proceeds from sales of tower sites | - | - | - | - | - | 31 | - | 9 | - |
| Proceeds related to beneficial interests in securitization transactions | 868 | 602 | 855 | 809 | 891 | 1,137 | 1,071 | 1,032 | 1,185 |
| Cash payments for debt prepayment or debt extinguishment costs | - | (24) | (58) | - | (65) | (6) | (45) | - | - |
| Free Cash Flow | 732 | (902) | 352 | 476 | 1,304 | 1,671 | 1,559 | 1,112 | 1,649 |
| Gross cash paid for the settlement of interest rate swaps | - | 2,343 | - | - | - | - | - | - | - |
| Free Cash Flow, excluding gross payments for the settlement of interest rate swaps | $732 | $1,441 | $352 | $476 | $1,304 | $1,671 | $1,559 | $1,112 | 1,649 |

Our guidance range for Free Cash Flow is calculated as follows:

| | Current FY 2022 | | Mid-Term FY 2023 | | Mid-Term FY 2024 | | Long-Term FY 2026 |
|---|---|---|---|---|---|---|---|
| (in millions) | | | | | | | |
| Net cash provided by operating activities | $15,700 | $16,100 | $18,300 | $20,100 | $21,300 | $24,100 | $23,700 |
| Cash purchases of property and equipment | (13,200) | (13,500) | (9,000) | (10,000) | (9,000) | (10,000) | (9,500) |
| Proceeds related to beneficial interests in securitization transactions[1] | 4,700 | 5,000 | 3,700 | 3,900 | 3,700 | 3.900 | 3,800 |
| Free Cash Flow | 7,200 | 7,600 | 13,000 | 14,000 | 16,000 | 18,000 | 18,000 |

(1) Free Cash Flow guidance does not assume any material net cash inflows from securitization in 2022.