

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q**

- ☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the quarterly period ended September 30, 2023**
- or
- ☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the transition period from    to**

Commission File Number: 1-33409

T-Mobile Logo\_03\_2023.jpg

**T-MOBILE US, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**20-0836269**

(I.R.S. Employer Identification No.)

**12920 SE 38th Street**

**Bellevue, Washington**

(Address of principal executive offices)

**98006-1350**

(Zip Code)

**(425) 378-4000**

(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

| Title of each class                         | Trading Symbol | Name of each exchange on which registered |
|---|----------------|---|
| Common Stock, par value \$0.00001 per share | TMUS           | The NASDAQ Stock Market LLC               |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

|                         |                                     |                           |                          |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/>            | Smaller reporting company | <input type="checkbox"/> |
|                         |                                     | Emerging growth company   | <input type="checkbox"/> |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

|   |   |
|---|---|
| Class                                       | Shares Outstanding as of October 20, 2023 |
| Common Stock, par value \$0.00001 per share | 1,156,475,060                             |

**T-Mobile US, Inc.**  
**Form 10-Q**  
**For the Quarter Ended September 30, 2023**

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**PART I. FINANCIAL INFORMATION**
**Item 1. Financial Statements**

**T-Mobile US, Inc.**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited)**

| (in millions, except share and per share amounts)   | September 30,<br>2023 | December 31,<br>2022 |
|---|-----------------------|----------------------|
| <b>Assets</b>   |                       |                      |
| Current assets  |                       |                      |
| Cash and cash equivalents   | \$ 5,030              | \$ 4,507             |
| Accounts receivable, net of allowance for credit losses of \$166 and \$167  | 4,500                 | 4,445                |
| Equipment installment plan receivables, net of allowance for credit losses and imputed discount of \$610 and \$667  | 4,470                 | 5,123                |
| Inventory   | 1,685                 | 1,884                |
| Prepaid expenses  | 712                   | 673                  |
| Other current assets  | 2,272                 | 2,435                |
| Total current assets  | 18,669                | 19,067               |
| Property and equipment, net   | 41,080                | 42,086               |
| Operating lease right-of-use assets   | 27,568                | 28,715               |
| Financing lease right-of-use assets   | 3,390                 | 3,257                |
| Goodwill  | 12,234                | 12,234               |
| Spectrum licenses   | 96,689                | 95,798               |
| Other intangible assets, net  | 2,824                 | 3,508                |
| Equipment installment plan receivables due after one year, net of allowance for credit losses and imputed discount of \$130 and \$144   | 1,879                 | 2,546                |
| Other assets  | 4,246                 | 4,127                |
| Total assets  | \$ 208,579            | \$ 211,338           |
| <b>Liabilities and Stockholders' Equity</b>   |                       |                      |
| Current liabilities   |                       |                      |
| Accounts payable and accrued liabilities  | \$ 9,665              | \$ 12,275            |
| Short-term debt   | 3,437                 | 5,164                |
| Deferred revenue  | 830                   | 780                  |
| Short-term operating lease liabilities  | 3,545                 | 3,512                |
| Short-term financing lease liabilities  | 1,286                 | 1,161                |
| Other current liabilities   | 2,948                 | 1,850                |
| Total current liabilities   | 21,711                | 24,742               |
| Long-term debt  | 70,365                | 65,301               |
| Long-term debt to affiliates  | 1,496                 | 1,495                |
| Tower obligations   | 3,819                 | 3,934                |
| Deferred tax liabilities  | 12,900                | 10,884               |
| Operating lease liabilities   | 28,677                | 29,855               |
| Financing lease liabilities   | 1,273                 | 1,370                |
| Other long-term liabilities   | 3,640                 | 4,101                |
| Total long-term liabilities   | 122,170               | 116,940              |
| Commitments and contingencies (Note 13)   |                       |                      |
| Stockholders' equity  |                       |                      |
| Common stock, par value \$0.00001 per share, 2,000,000,000 shares authorized; 1,262,375,765 and 1,256,876,527 shares issued, 1,161,979,708 and 1,233,960,078 shares outstanding | —                     | —                    |
| Additional paid-in capital  | 74,404                | 73,941               |
| Treasury stock, at cost, 100,396,057 and 22,916,449 shares  | (14,092)              | (3,016)              |
| Accumulated other comprehensive loss  | (949)                 | (1,046)              |
| Retained earnings (accumulated deficit)   | 5,335                 | (223)                |
| Total stockholders' equity  | 64,698                | 69,656               |
| Total liabilities and stockholders' equity  | \$ 208,579            | \$ 211,338           |

The accompanying notes are an integral part of these condensed consolidated financial statements.

**T-Mobile US, Inc.**  
**Condensed Consolidated Statements of Comprehensive Income**  
**(Unaudited)**

| (in millions, except share and per share amounts)   | Three Months Ended September 30, |               | Nine Months Ended September 30, |               |
|---|----------------------------------|---------------|---------------------------------|---------------|
|   | 2023                             | 2022          | 2023                            | 2022          |
| <b>Revenues</b>   |                                  |               |                                 |               |
| Postpaid revenues   | \$ 12,288                        | \$ 11,548     | \$ 36,220                       | \$ 34,194     |
| Prepaid revenues  | 2,473                            | 2,484         | 7,334                           | 7,408         |
| Wholesale and other service revenues  | 1,153                            | 1,329         | 3,644                           | 4,203         |
| Total service revenues  | 15,914                           | 15,361        | 47,198                          | 45,805        |
| Equipment revenues  | 3,076                            | 3,855         | 9,964                           | 12,679        |
| Other revenues  | 262                              | 261           | 918                             | 814           |
| Total revenues  | 19,252                           | 19,477        | 58,080                          | 59,298        |
| <b>Operating expenses</b>   |                                  |               |                                 |               |
| Cost of services, exclusive of depreciation and amortization shown separately below                             | 2,886                            | 3,712         | 8,863                           | 11,499        |
| Cost of equipment sales, exclusive of depreciation and amortization shown separately below                      | 4,249                            | 4,982         | 12,925                          | 16,036        |
| Selling, general and administrative   | 5,334                            | 5,118         | 16,031                          | 16,030        |
| Impairment expense  | —                                | —             | —                               | 477           |
| Loss (gain) on disposal group held for sale   | —                                | 1,071         | (25)                            | 1,071         |
| Depreciation and amortization   | 3,187                            | 3,313         | 9,500                           | 10,389        |
| Total operating expenses  | 15,656                           | 18,196        | 47,294                          | 55,502        |
| Operating income  | 3,596                            | 1,281         | 10,786                          | 3,796         |
| <b>Other expense, net</b>   |                                  |               |                                 |               |
| Interest expense, net   | (790)                            | (827)         | (2,486)                         | (2,542)       |
| Other income (expense), net   | 41                               | (3)           | 56                              | (35)          |
| Total other expense, net  | (749)                            | (830)         | (2,430)                         | (2,577)       |
| Income before income taxes  | 2,847                            | 451           | 8,356                           | 1,219         |
| Income tax (expense) benefit  | (705)                            | 57            | (2,053)                         | (106)         |
| Net income  | \$ 2,142                         | \$ 508        | \$ 6,303                        | \$ 1,113      |
| Net income  | \$ 2,142                         | \$ 508        | \$ 6,303                        | \$ 1,113      |
| <b>Other comprehensive income, net of tax</b>   |                                  |               |                                 |               |
| Reclassification of loss from cash flow hedges, net of tax effect of \$15, \$13, \$42 and \$39                  | 41                               | 39            | 121                             | 113           |
| Unrealized (loss) gain on foreign currency translation adjustment, net of tax effect of \$0, \$0, \$0 and \$(1) | —                                | (7)           | 9                               | (11)          |
| Amortization of actuarial gain, net of tax effect of \$(11), \$0, \$(11) and \$0                                | (33)                             | —             | (33)                            | —             |
| Other comprehensive income  | 8                                | 32            | 97                              | 102           |
| Total comprehensive income  | \$ 2,150                         | \$ 540        | \$ 6,400                        | \$ 1,215      |
| <b>Earnings per share</b>   |                                  |               |                                 |               |
| Basic   | \$ 1.83                          | \$ 0.40       | \$ 5.28                         | \$ 0.89       |
| Diluted   | \$ 1.82                          | \$ 0.40       | \$ 5.26                         | \$ 0.88       |
| <b>Weighted-average shares outstanding</b>  |                                  |               |                                 |               |
| Basic   | 1,171,336,373                    | 1,253,873,429 | 1,194,497,722                   | 1,252,783,140 |
| Diluted   | 1,174,390,472                    | 1,259,210,271 | 1,198,290,141                   | 1,258,061,478 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

**T-Mobile US, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**

| (in millions)  | Three Months Ended September 30, |          | Nine Months Ended September 30, |          |
|--|----------------------------------|----------|---------------------------------|----------|
|  | 2023                             | 2022     | 2023                            | 2022     |
| <b>Operating activities</b>  |                                  |          |                                 |          |
| Net income   | \$ 2,142                         | \$ 508   | \$ 6,303                        | \$ 1,113 |
| Adjustments to reconcile net income to net cash provided by operating activities                         |                                  |          |                                 |          |
| Depreciation and amortization  | 3,187                            | 3,313    | 9,500                           | 10,389   |
| Stock-based compensation expense   | 156                              | 150      | 500                             | 445      |
| Deferred income tax expense (benefit)  | 671                              | (36)     | 1,985                           | 73       |
| Bad debt expense   | 228                              | 239      | 663                             | 760      |
| Losses from sales of receivables   | 46                               | 60       | 135                             | 168      |
| Impairment expense   | —                                | —        | —                               | 477      |
| Loss on remeasurement of disposal group held for sale  | —                                | 371      | 9                               | 371      |
| Changes in operating assets and liabilities  |                                  |          |                                 |          |
| Accounts receivable  | (1,046)                          | (1,224)  | (3,828)                         | (3,781)  |
| Equipment installment plan receivables   | 165                              | (77)     | 563                             | (801)    |
| Inventory  | (309)                            | (7)      | 182                             | 384      |
| Operating lease right-of-use assets  | 886                              | 1,113    | 2,823                           | 4,275    |
| Other current and long-term assets   | (135)                            | (334)    | 77                              | (450)    |
| Accounts payable and accrued liabilities   | 208                              | 342      | (1,538)                         | 319      |
| Short- and long-term operating lease liabilities   | (692)                            | (700)    | (2,884)                         | (2,218)  |
| Other current and long-term liabilities  | (260)                            | 550      | (909)                           | 587      |
| Other, net   | 47                               | 123      | 119                             | 334      |
| Net cash provided by operating activities  | 5,294                            | 4,391    | 13,700                          | 12,445   |
| <b>Investing activities</b>  |                                  |          |                                 |          |
| Purchases of property and equipment, including capitalized interest of \$(66), \$(16), \$(94) and \$(44) | (2,424)                          | (3,634)  | (8,214)                         | (10,587) |
| Purchases of spectrum licenses and other intangible assets, including deposits                           | (119)                            | (360)    | (225)                           | (3,319)  |
| Proceeds from sales of tower sites   | 2                                | —        | 10                              | —        |
| Proceeds related to beneficial interests in securitization transactions                                  | 1,131                            | 1,308    | 3,785                           | 3,614    |
| Acquisition of companies, net of cash and restricted cash acquired                                       | —                                | —        | —                               | (52)     |
| Other, net   | 17                               | 131      | 36                              | 138      |
| Net cash used in investing activities  | (1,393)                          | (2,555)  | (4,608)                         | (10,206) |
| <b>Financing activities</b>  |                                  |          |                                 |          |
| Proceeds from issuance of long-term debt   | 1,983                            | 2,972    | 8,446                           | 2,972    |
| Repayments of financing lease obligations  | (304)                            | (311)    | (914)                           | (901)    |
| Repayments of long-term debt   | (4,474)                          | (132)    | (4,828)                         | (3,145)  |
| Repurchases of common stock  | (2,681)                          | (557)    | (10,891)                        | (557)    |
| Tax withholdings on share-based awards   | (10)                             | (10)     | (267)                           | (225)    |
| Other, net   | (24)                             | (35)     | (113)                           | (97)     |
| Net cash (used in) provided by financing activities  | (5,510)                          | 1,927    | (8,567)                         | (1,953)  |
| Change in cash and cash equivalents, including restricted cash and cash held for sale                    | (1,609)                          | 3,763    | 525                             | 286      |
| <b>Cash and cash equivalents, including restricted cash and cash held for sale</b>                       |                                  |          |                                 |          |
| Beginning of period  | 6,808                            | 3,226    | 4,674                           | 6,703    |
| End of period  | \$ 5,199                         | \$ 6,989 | \$ 5,199                        | \$ 6,989 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

**T-Mobile US, Inc.**  
**Condensed Consolidated Statement of Stockholders' Equity**  
**(Unaudited)**

| (in millions, except shares)  | Common Stock<br>Outstanding | Treasury Stock<br>Outstanding | Treasury<br>Shares at Cost | Par Value and<br>Additional<br>Paid-in Capital | Accumulated<br>Other<br>Comprehensive<br>Loss | Retained<br>Earnings<br>(Accumulated<br>Deficit) | Total<br>Stockholders'<br>Equity |
|---|-----------------------------|-------------------------------|----------------------------|--|---|--|----------------------------------|
| <b>Balance as of June 30, 2023</b>  | 1,180,398,748               | 81,090,539                    | \$ (11,392)                | \$ 74,161                                      | \$ (957)                                      | \$ 3,938   | \$ 65,750                        |
| Net income  | —                           | —                             | —                          | —  | —   | 2,142  | 2,142                            |
| Dividends declared (\$0.65 per share)   | —                           | —                             | —                          | —  | —   | (745)  | (745)                            |
| Other comprehensive income  | —                           | —                             | —                          | —  | 8   | —  | 8                                |
| Stock-based compensation  | —                           | —                             | —                          | 169  | —   | —  | 169                              |
| Stock issued for employee stock purchase plan                                     | 708,049                     | —                             | —                          | 84   | —   | —  | 84                               |
| Issuance of vested restricted stock units   | 231,246                     | —                             | —                          | —  | —   | —  | —                                |
| Shares withheld related to net share settlement of stock awards and stock options | (76,318)                    | —                             | —                          | (10)   | —   | —  | (10)                             |
| Repurchases of common stock   | (19,313,159)                | 19,313,159                    | (2,702)                    | —  | —   | —  | (2,702)                          |
| Other, net  | 31,142                      | (7,641)                       | 2                          | —  | —   | —  | 2                                |
| <b>Balance as of September 30, 2023</b>   | <b>1,161,979,708</b>        | <b>100,396,057</b>            | <b>\$ (14,092)</b>         | <b>\$ 74,404</b>                               | <b>\$ (949)</b>                               | <b>\$ 5,335</b>                                  | <b>\$ 64,698</b>                 |
| <b>Balance as of December 31, 2022</b>  | 1,233,960,078               | 22,916,449                    | \$ (3,016)                 | \$ 73,941                                      | \$ (1,046)                                    | \$ (223)   | \$ 69,656                        |
| Net income  | —                           | —                             | —                          | —  | —   | 6,303  | 6,303                            |
| Dividends declared (\$0.65 per share)   | —                           | —                             | —                          | —  | —   | (745)  | (745)                            |
| Other comprehensive income  | —                           | —                             | —                          | —  | 97  | —  | 97                               |
| Stock-based compensation  | —                           | —                             | —                          | 509  | —   | —  | 509                              |
| Stock issued for employee stock purchase plan                                     | 1,771,475                   | —                             | —                          | 210  | —   | —  | 210                              |
| Issuance of vested restricted stock units   | 5,397,316                   | —                             | —                          | —  | —   | —  | —                                |
| Shares withheld related to net share settlement of stock awards and stock options | (1,823,566)                 | —                             | —                          | (267)  | —   | —  | (267)                            |
| Repurchases of common stock   | (77,460,937)                | 77,460,937                    | (11,073)                   | —  | —   | —  | (11,073)                         |
| Other, net  | 135,342                     | 18,671                        | (3)                        | 11   | —   | —  | 8                                |
| <b>Balance as of September 30, 2023</b>   | <b>1,161,979,708</b>        | <b>100,396,057</b>            | <b>\$ (14,092)</b>         | <b>\$ 74,404</b>                               | <b>\$ (949)</b>                               | <b>\$ 5,335</b>                                  | <b>\$ 64,698</b>                 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

**T-Mobile US, Inc.**  
**Condensed Consolidated Statement of Stockholders' Equity**  
**(Unaudited)**

| (in millions, except shares)  | Common Stock<br>Outstanding | Treasury Stock<br>Outstanding | Treasury<br>Shares at Cost | Par Value and<br>Additional<br>Paid-in Capital | Accumulated<br>Other<br>Comprehensive<br>Loss | Accumulated<br>Deficit | Total<br>Stockholders'<br>Equity |
|---|-----------------------------|-------------------------------|----------------------------|--|---|------------------------|----------------------------------|
| <b>Balance as of June 30, 2022</b>  | 1,254,010,072               | 1,564,549                     | \$ (16)                    | \$ 73,552                                      | \$ (1,295)                                    | \$ (2,207)             | \$ 70,034                        |
| Net income  | —                           | —                             | —                          | —  | —   | 508                    | 508                              |
| Other comprehensive income  | —                           | —                             | —                          | —  | 32  | —                      | 32                               |
| Stock-based compensation  | —                           | —                             | —                          | 165  | —   | —                      | 165                              |
| Stock issued for employee stock purchase plan                                     | 802,361                     | —                             | —                          | 89   | —   | —                      | 89                               |
| Issuance of vested restricted stock units   | 219,301                     | —                             | —                          | —  | —   | —                      | —                                |
| Shares withheld related to net share settlement of stock awards and stock options | (67,575)                    | —                             | —                          | (10)   | —   | —                      | (10)                             |
| Repurchases of common stock   | (4,892,315)                 | 4,892,315                     | (669)                      | —  | —   | —                      | (669)                            |
| Other, net  | 32,582                      | (5,968)                       | —                          | 1  | —   | —                      | 1                                |
| <b>Balance as of September 30, 2022</b>   | <b>1,250,104,426</b>        | <b>6,450,896</b>              | <b>\$ (685)</b>            | <b>\$ 73,797</b>                               | <b>\$ (1,263)</b>                             | <b>\$ (1,699)</b>      | <b>\$ 70,150</b>                 |
| <b>Balance as of December 31, 2021</b>  | <b>1,249,213,681</b>        | <b>1,537,468</b>              | <b>\$ (13)</b>             | <b>\$ 73,292</b>                               | <b>\$ (1,365)</b>                             | <b>\$ (2,812)</b>      | <b>\$ 69,102</b>                 |
| Net income  | —                           | —                             | —                          | —  | —   | 1,113                  | 1,113                            |
| Other comprehensive income  | —                           | —                             | —                          | —  | 102   | —                      | 102                              |
| Stock-based compensation  | —                           | —                             | —                          | 490  | —   | —                      | 490                              |
| Stock issued for employee stock purchase plan                                     | 2,079,086                   | —                             | —                          | 227  | —   | —                      | 227                              |
| Issuance of vested restricted stock units   | 5,380,712                   | —                             | —                          | —  | —   | —                      | —                                |
| Shares withheld related to net share settlement of stock awards and stock options | (1,772,442)                 | —                             | —                          | (225)  | —   | —                      | (225)                            |
| Repurchases of common stock   | (4,892,315)                 | 4,892,315                     | (669)                      | —  | —   | —                      | (669)                            |
| Other, net  | 95,704                      | 21,113                        | (3)                        | 13   | —   | —                      | 10                               |
| <b>Balance as of September 30, 2022</b>   | <b>1,250,104,426</b>        | <b>6,450,896</b>              | <b>\$ (685)</b>            | <b>\$ 73,797</b>                               | <b>\$ (1,263)</b>                             | <b>\$ (1,699)</b>      | <b>\$ 70,150</b>                 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

**T-Mobile US, Inc.**  
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**T-Mobile US, Inc.**  
**Notes to the Condensed Consolidated Financial Statements**

**Note 1 – Summary of Significant Accounting Policies**

**Basis of Presentation**

The unaudited condensed consolidated financial statements of T-Mobile US, Inc. (“T-Mobile,” “we,” “our,” “us” or the “Company”) include all adjustments of a normal recurring nature necessary for the fair presentation of the results for the interim periods presented. The results for the interim periods are not necessarily indicative of those for the full year. The condensed consolidated financial statements should be read in conjunction with our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022.

The condensed consolidated financial statements include the balances and results of operations of T-Mobile and our consolidated subsidiaries. We consolidate majority-owned subsidiaries over which we exercise control, as well as variable interest entities (“VIEs”) where we are deemed to be the primary beneficiary and VIEs which cannot be deconsolidated, such as those related to our obligations to pay for the management and operation of certain of our wireless communications tower sites. Intercompany transactions and balances have been eliminated in consolidation.

The preparation of financial statements in conformity with United States (“U.S.”) generally accepted accounting principles (“GAAP”) requires our management to make estimates and assumptions that affect the financial statements and accompanying notes. Estimates are based on historical experience, where applicable, and other assumptions that management believes are reasonable under the circumstances. Estimates are inherently subject to judgment and actual results could differ from those estimates.

On September 6, 2022, Sprint Communications LLC, a Kansas limited liability company and wholly owned subsidiary of the Company (“Sprint Communications”), Sprint LLC, a Delaware limited liability company and wholly owned subsidiary of the Company, and Cogent Infrastructure, Inc., a Delaware corporation (the “Buyer”) and wholly owned subsidiary of Cogent Communications Holdings, Inc., entered into a Membership Interest Purchase Agreement (the “Wireline Sale Agreement”), pursuant to which the Buyer agreed to acquire the U.S. long-haul fiber network and operations (including the non-U.S. extensions thereof) of Sprint Communications and its subsidiaries (the “Wireline Business”). Such transactions contemplated by the Wireline Sale Agreement are collectively referred to as the “Wireline Transaction.” On May 1, 2023, the Buyer and the Company completed the Wireline Transaction (the “Closing”).

The assets and liabilities of the Wireline Business disposal group were classified as held for sale and presented within Other current assets and Other current liabilities on our Condensed Consolidated Balance Sheets as of December 31, 2022. The fair value of the Wireline Business disposal group, less costs to sell, was reassessed during each reporting period it remained classified as held for sale, and any remeasurement to the lower of carrying amount or fair value less costs to sell was reported as an adjustment included within Loss (gain) on disposal group held for sale on our Condensed Consolidated Statements of Comprehensive Income. Unless otherwise specified, the amounts and information presented as of December 31, 2022, in the Notes to the Condensed Consolidated Financial Statements include assets and liabilities that were classified as held for sale.

**Dividends**

On September 6, 2023, our Board of Directors authorized a stockholder return program of up to \$19.0 billion that will run through December 31, 2024 (the “2023-2024 Stockholder Return Program”). The 2023-2024 Stockholder Return Program is expected to consist of additional repurchases of shares of our common stock and the payment of cash dividends. The amount available under the 2023-2024 Stockholder Return Program for share repurchases will be reduced by the amount of any cash dividends declared by us.

Dividends declared are included as a reduction to Retained earnings on our Condensed Consolidated Balance Sheets. We recognize a liability for dividends declared but for which cash has not been paid in Other current liabilities on our Condensed Consolidated Balance Sheets. Dividend cash payments to stockholders will be included in Net cash (used in) provided by financing activities on our Condensed Consolidated Statements of Cash Flows. See [Note 10 - Stockholder Return Programs](#) for more information about our 2023-2024 Stockholder Return Program.

## Accounting Pronouncements Adopted During the Current Year

### *Troubled Debt Restructurings and Vintage Disclosures*

In March 2022, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2022-02, “Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures.” The standard eliminates the accounting guidance within ASC 310-40 for troubled debt restructurings by creditors while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. Additionally, for public business entities, the standard requires disclosure of current-period gross write-offs by year of origination for financing receivables and net investments in leases within the scope of ASC 326-20. As of January 1, 2023, we have adopted this standard, and it was applied prospectively after this date. This standard did not have a material impact on our condensed consolidated financial statements as of and for the three and nine months ended September 30, 2023.

### **Note 2 – Business Combination**

On March 9, 2023, we entered into a Merger and Unit Purchase Agreement for the acquisition of 100% of the outstanding equity of Ka’ena Corporation and its subsidiaries including, among others, Mint Mobile LLC, for a maximum purchase price of \$1.35 billion to be paid out 39% in cash and 61% in shares of T-Mobile common stock. The purchase price is variable dependent upon specified performance indicators of Ka’ena Corporation during certain periods before and after closing and consists of an upfront payment at closing of the transaction, subject to certain agreed-upon adjustments, and a variable earnout payable 24 months after closing of the transaction. Our estimate of the upfront payment is subject to Ka’ena Corporation’s underlying business performance and the timing of transaction close, and has been updated to \$1.2 billion, before working capital adjustments. The acquisition is subject to certain customary closing conditions, including certain regulatory approvals, and is expected to close by the end of the first quarter of 2024.

### **Note 3 – Receivables and Related Allowance for Credit Losses**

We maintain an allowance for credit losses by applying an expected credit loss model. Each period, management assesses the appropriateness of the level of allowance for credit losses by considering credit risk inherent within each portfolio segment as of the end of the period.

We consider a receivable past due when a customer has not paid us by the contractually specified payment due date. Account balances are written off against the allowance for credit losses if collection efforts are unsuccessful and the receivable balance is deemed uncollectible (customer default), based on factors such as customer credit ratings as well as the length of time the amounts are past due.

Our portfolio of receivables is comprised of two portfolio segments: accounts receivable and equipment installment plan (“EIP”) receivables.

#### *Accounts Receivable Portfolio Segment*

Accounts receivable balances are predominately comprised of amounts currently due from customers (e.g., for wireless communications services and monthly device lease payments), device insurance administrators, wholesale partners, non-consolidated affiliates, other carriers and third-party retail channels.

We estimate credit losses associated with our accounts receivable portfolio segment using an expected credit loss model, which utilizes an aging schedule methodology based on historical information and adjusted for asset-specific considerations, current economic conditions and reasonable and supportable forecasts.

Our approach considers a number of factors, including our overall historical credit losses and payment experience, as well as current collection trends such as write-off frequency and severity. We also consider other qualitative factors such as current and forecasted macroeconomic conditions.

We consider the need to adjust our estimate of credit losses for reasonable and supportable forecasts of future macroeconomic conditions. To do so, we monitor external forecasts of changes in real U.S. gross domestic product and forecasts of consumer credit behavior for comparable credit exposures. We also periodically evaluate other macroeconomic indicators, such as unemployment rates, to assess their level of correlation with our historical credit loss statistics.

### ***EIP Receivables Portfolio Segment***

Based upon customer credit profiles at the time of customer origination, we classify the EIP receivables segment into two customer classes of “Prime” and “Subprime.” Prime customer receivables are those with lower credit risk and Subprime customer receivables are those with higher credit risk. Customers may be required to make a down payment on their equipment purchases if their assessed credit risk exceeds established underwriting thresholds. In addition, certain customers within the Subprime category may be required to pay a deposit.

To determine a customer’s credit profile and assist in determining their credit class, we use a proprietary credit scoring model that measures the credit quality of a customer leveraging several factors, such as credit bureau information and consumer credit risk scores, as well as service and device plan characteristics.

EIP receivables had a combined weighted-average effective interest rate of 9.9% and 8.0% as of September 30, 2023, and December 31, 2022, respectively.

The following table summarizes the EIP receivables, including imputed discounts and related allowance for credit losses:

| (in millions)  | September 30,<br>2023 | December 31,<br>2022 |
|--|-----------------------|----------------------|
| EIP receivables, gross   | \$ 7,089              | \$ 8,480             |
| Unamortized imputed discount   | (453)                 | (483)                |
| EIP receivables, net of unamortized imputed discount   | 6,636                 | 7,997                |
| Allowance for credit losses  | (287)                 | (328)                |
| EIP receivables, net of allowance for credit losses and imputed discount   | \$ 6,349              | \$ 7,669             |
| <b>Classified on our condensed consolidated balance sheets as:</b>   |                       |                      |
| Equipment installment plan receivables, net of allowance for credit losses and imputed discount                    | \$ 4,470              | \$ 5,123             |
| Equipment installment plan receivables due after one year, net of allowance for credit losses and imputed discount | 1,879                 | 2,546                |
| EIP receivables, net of allowance for credit losses and imputed discount   | \$ 6,349              | \$ 7,669             |

Many of our loss estimation techniques rely on delinquency-based models; therefore, delinquency is an important indicator of credit quality in the establishment of our allowance for credit losses for EIP receivables. We manage our EIP receivables portfolio segment using delinquency and customer credit class as key credit quality indicators.

The following table presents the amortized cost of our EIP receivables by delinquency status, customer credit class and year of origination as of September 30, 2023:

| (in millions)  | Originated in 2023 |          | Originated in 2022 |          | Originated prior to 2022 |          | Total EIP Receivables, Net of Unamortized Imputed Discounts |          |          |
|--|--------------------|----------|--------------------|----------|--------------------------|----------|---|----------|----------|
|  | Prime              | Subprime | Prime              | Subprime | Prime                    | Subprime | Prime   | Subprime | Total    |
| Current - 30 days past due                           | \$ 2,419           | \$ 1,355 | \$ 1,305           | \$ 896   | \$ 368                   | \$ 175   | \$ 4,092  | \$ 2,426 | \$ 6,518 |
| 31 - 60 days past due                                | 8                  | 18       | 7                  | 12       | 2                        | 2        | 17  | 32       | 49       |
| 61 - 90 days past due                                | 5                  | 12       | 5                  | 10       | 1                        | 1        | 11  | 23       | 34       |
| More than 90 days past due                           | 5                  | 9        | 5                  | 11       | 2                        | 3        | 12  | 23       | 35       |
| EIP receivables, net of unamortized imputed discount | \$ 2,437           | \$ 1,394 | \$ 1,322           | \$ 929   | \$ 373                   | \$ 181   | \$ 4,132  | \$ 2,504 | \$ 6,636 |

We estimate credit losses on our EIP receivables segment by applying an expected credit loss model, which relies on historical loss data adjusted for current conditions to calculate default probabilities or an estimate for the frequency of customer default. Our assessment of default probabilities or frequency includes receivables delinquency status, historical loss experience, how long the receivables have been outstanding and customer credit ratings, as well as customer tenure. We multiply these estimated default probabilities by our estimated loss given default, which is the estimated amount of default or the severity of loss.

As we do for our accounts receivable portfolio segment, we consider the need to adjust our estimate of credit losses on EIP receivables for reasonable and supportable forecasts of economic conditions through monitoring external forecasts and periodic internal statistical analyses.

The following table presents write-offs of our EIP receivables by year of origination for the nine months ended September 30, 2023:

| (in millions) | Originated in 2023 | Originated in 2022 | Originated prior to 2022 | Total Write-offs |
|---------------|--------------------|--------------------|--------------------------|------------------|
| Write-offs    | \$ 84              | \$ 243             | \$ 54                    | \$ 381           |

Activity for the nine months ended September 30, 2023 and 2022, in the allowance for credit losses and unamortized imputed discount balances for the accounts receivable and EIP receivables segments were as follows:

| (in millions)  | September 30, 2023            |                           |        | September 30, 2022            |                           |        |
|--|-------------------------------|---------------------------|--------|-------------------------------|---------------------------|--------|
|  | Accounts Receivable Allowance | EIP Receivables Allowance | Total  | Accounts Receivable Allowance | EIP Receivables Allowance | Total  |
| Allowance for credit losses and imputed discount, beginning of period  | \$ 167                        | \$ 811                    | \$ 978 | \$ 146                        | \$ 630                    | \$ 776 |
| Bad debt expense   | 322                           | 341                       | 663    | 305                           | 455                       | 760    |
| Write-offs   | (323)                         | (381)                     | (704)  | (290)                         | (375)                     | (665)  |
| Change in imputed discount on short-term and long-term EIP receivables | N/A                           | 120                       | 120    | N/A                           | 146                       | 146    |
| Impact on the imputed discount from sales of EIP receivables           | N/A                           | (151)                     | (151)  | N/A                           | (107)                     | (107)  |
| Allowance for credit losses and imputed discount, end of period        | \$ 166                        | \$ 740                    | \$ 906 | \$ 161                        | \$ 749                    | \$ 910 |

### Off-Balance-Sheet Credit Exposures

We do not have material off-balance-sheet credit exposures as of September 30, 2023. In connection with the sales of certain service accounts receivable and EIP receivables pursuant to the sale arrangements, we have deferred purchase price assets included on our Condensed Consolidated Balance Sheets measured at fair value that are based on a discounted cash flow model using Level 3 inputs, including customer default rates and credit worthiness, dilutions and recoveries. See [Note 4 – Sales of Certain Receivables](#) for further information.

### Note 4 – Sales of Certain Receivables

We regularly enter into transactions to sell certain service accounts receivable and EIP receivables. The transactions, including our continuing involvement with the sold receivables and the respective impacts to our condensed consolidated financial statements, are described below.

### Sales of EIP Receivables

#### Overview of the Transaction

In 2015, we entered into an arrangement to sell certain EIP receivables on a revolving basis (the “EIP sale arrangement”), which has been revised and extended from time to time. As of both September 30, 2023, and December 31, 2022, the EIP sale arrangement provided funding of \$1.3 billion.

In connection with this EIP sale arrangement, we formed a wholly owned subsidiary, which qualifies as a bankruptcy remote entity (the “EIP BRE”). We consolidate the EIP BRE under the VIE model.

The following table summarizes the carrying amounts and classification of assets, which consist primarily of the deferred purchase price, included on our Condensed Consolidated Balance Sheets with respect to the EIP BRE:

| (in millions)        | September 30, 2023 | December 31, 2022 |
|----------------------|--------------------|-------------------|
| Other current assets | \$ 368             | \$ 344            |
| Other assets         | 114                | 136               |

## Sales of Service Accounts Receivable

### Overview of the Transaction

In 2014, we entered into an arrangement to sell certain service accounts receivable on a revolving basis (the “service receivable sale arrangement”). On February 28, 2023, we extended the scheduled expiration date of the service receivable sale arrangement to February 27, 2024. As of both September 30, 2023, and December 31, 2022, the service receivable sale arrangement provided funding of \$775 million.

In connection with the service receivable sale arrangement, we formed a wholly owned subsidiary, which qualifies as a bankruptcy remote entity, to sell service accounts receivable (the “Service BRE”). We consolidate the Service BRE under the VIE model.

The following table summarizes the carrying amounts and classification of assets, which consist primarily of the deferred purchase price, and liabilities included on our Condensed Consolidated Balance Sheets with respect to the Service BRE:

| (in millions)             | September 30,<br>2023 | December 31,<br>2022 |
|---------------------------|-----------------------|----------------------|
| Other current assets      | \$ 210                | \$ 214               |
| Other current liabilities | 355                   | 389                  |

### Sales of Receivables

The following table summarizes the impact of the sale of certain service accounts receivable and EIP receivables on our Condensed Consolidated Balance Sheets:

| (in millions)  | September 30,<br>2023 | December 31,<br>2022 |
|--|-----------------------|----------------------|
| Derecognized net service accounts receivable and EIP receivables | \$ 2,426              | \$ 2,410             |
| Other current assets   | 578                   | 558                  |
| <i>of which, deferred purchase price</i>                         | 576                   | 556                  |
| Other long-term assets   | 114                   | 136                  |
| <i>of which, deferred purchase price</i>                         | 114                   | 136                  |
| Other current liabilities  | 355                   | 389                  |
| Net cash proceeds since inception                                | 1,604                 | 1,697                |
| Of which:  |                       |                      |
| Change in net cash proceeds during the year-to-date period       | (93)                  | (57)                 |
| Net cash proceeds funded by reinvested collections               | 1,697                 | 1,754                |

At inception, we elected to measure the deferred purchase price at fair value with changes in fair value included in Selling, general and administrative expenses on our Condensed Consolidated Statements of Comprehensive Income. The fair value of the deferred purchase price is determined based on a discounted cash flow model which uses primarily Level 3 inputs, including estimated customer default rates. As of September 30, 2023, and December 31, 2022, our deferred purchase price related to the sales of service accounts receivable and EIP receivables was \$690 million and \$692 million, respectively.

We recognized losses from sales of receivables, including changes in fair value of the deferred purchase price, of \$46 million and \$60 million for the three months ended September 30, 2023 and 2022, respectively, and \$135 million and \$168 million for the nine months ended September 30, 2023 and 2022, respectively, in Selling, general and administrative expenses on our Condensed Consolidated Statements of Comprehensive Income.

### Continuing Involvement

Pursuant to the sale arrangements described above, we have continuing involvement with the service accounts receivable and EIP receivables we sell as we service the receivables, are required to repurchase certain receivables, including ineligible receivables, aged receivables and receivables where a write-off is imminent, and may be responsible for absorbing credit losses through reduced collections on our deferred purchase price assets. We continue to service the customers and their related receivables, including facilitating customer payment collection, in exchange for a monthly servicing fee. As the receivables are sold on a revolving basis, the customer payment collections on sold receivables may be reinvested in new receivable sales. At

the direction of the purchasers of the sold receivables, we apply the same policies and procedures while servicing the sold receivables as we apply to our owned receivables, and we continue to maintain normal relationships with our customers.

## Note 5 – Spectrum License Transactions

The following table summarizes our spectrum license activity for the nine months ended September 30, 2023:

| (in millions)                                  | 2023      |
|--|-----------|
| Spectrum licenses, beginning of year           | \$ 95,798 |
| Spectrum license acquisitions                  | 85        |
| Spectrum licenses transferred to held for sale | (2)       |
| Costs to clear spectrum <sup>(1)</sup>         | 808       |
| Spectrum licenses, end of period               | \$ 96,689 |

(1) As of September 30, 2023, \$767 million is included in Other current liabilities on our Condensed Consolidated Balance Sheets related to accrued spectrum clearing costs.

Cash payments to acquire spectrum licenses and payments for costs to clear spectrum are included in Purchases of spectrum licenses and other intangible assets, including deposits, on our Condensed Consolidated Statements of Cash Flows for the three and nine months ended September 30, 2023.

### Spectrum Transactions

In September 2022, the Federal Communications Commission (“FCC”) announced that we were the winning bidder of 7,156 licenses in Auction 108 (2.5 GHz spectrum) for an aggregate price of \$304 million. At inception of Auction 108 in June 2022, we deposited \$65 million. We paid the FCC the remaining \$239 million for the licenses won in the auction in September 2022. The aggregate cash payments made to the FCC are included in Other assets on our Condensed Consolidated Balance Sheets as of September 30, 2023, and will remain there until the corresponding licenses are received. The timing of when the licenses will be issued will be determined by the FCC after all post-auction procedures have been completed, and the FCC Chairwoman has stated that it is subject to the restoration of auction authority to the FCC by Congress.

As of September 30, 2023, the activities that are necessary to get the 3.45 GHz and 2.5 GHz spectrum, acquired pursuant to FCC Auctions 110 and 108, ready for its intended use have not begun; as such, capitalization of the interest associated with the costs of deploying these spectrum licenses has not begun. During the three months ended September 30, 2023, we began capitalizing interest on the costs of our C-band spectrum licenses, acquired pursuant to FCC Auction 107, as we have begun development activities necessary to prepare the spectrum for its intended use.

### License Purchase Agreements

#### DISH Network Corporation

On July 1, 2020, we and DISH Network Corporation (“DISH”) entered into a license purchase agreement (the “DISH License Purchase Agreement”) pursuant to which DISH agreed to purchase certain 800 MHz spectrum licenses for a total of approximately \$3.6 billion. The closing of the sale of spectrum under the DISH License Purchase Agreement remains subject to FCC approval. Subsequent to September 30, 2023, on October 15, 2023, we and DISH entered into an amendment (the “LPA Amendment”) to the DISH License Purchase Agreement pursuant to which, among other things, the parties agreed that (1) DISH will pay us a \$100 million non-refundable extension fee (in lieu of the approximately \$72 million termination fee that had previously been agreed to), (2) the closing for the purchase of the spectrum licenses by DISH will occur no later than April 1, 2024, (3) if DISH has not purchased the spectrum licenses by such date for any reason (including failure to receive the required FCC approval prior to such date), then the DISH License Purchase Agreement will automatically terminate, and we will retain the \$100 million extension fee, (4) if DISH does purchase the spectrum by April 1, 2024, the \$100 million extension fee will be credited against the \$3.6 billion purchase price, and (5) permits us to commence auction of the spectrum prior to April 1, 2024 at our discretion (and subject to DISH’s purchase right). The LPA Amendment was approved by the Court and became effective on October 23, 2023.

If DISH does not, by April 1, 2024, purchase the 800 MHz spectrum licenses, we are required, unless otherwise approved under the 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, to offer the licenses for sale through an auction. If the specified minimum price of \$3.6 billion is not met in the auction, we would be relieved of the obligation to sell the licenses.

*Channel 51 License Co LLC and LB License Co, LLC*

On August 8, 2022, we, Channel 51 License Co LLC and LB License Co, LLC (together with Channel 51 License Co LLC, the “Sellers”) entered into License Purchase Agreements pursuant to which we will acquire spectrum in the 600 MHz band from the Sellers in exchange for total cash consideration of \$3.5 billion. The licenses will be acquired without any associated networks and are currently being utilized by us through exclusive leasing arrangements with the Sellers.

On March 30, 2023, we and the Sellers entered into Amended and Restated License Purchase Agreements pursuant to which we and the Sellers agreed to separate the transaction into two tranches of licenses, with the closings on the acquisitions of certain licenses in Chicago, Dallas and New Orleans being deferred in order to potentially expedite the regulatory approval process for the remainder of the licenses. Subsequently, on August 25, 2023, we and the Sellers entered into Amendments No. 1 to the Amended and Restated License Purchase Agreements, which deferred the closings of certain additional licenses in Chicago and Dallas into the second closing tranche. Together, the licenses with closings deferred into the second closing tranche represent \$1.1 billion of the aggregate \$3.5 billion cash consideration. The licenses being acquired by us, and the total consideration being paid for the licenses, remains the same under the original License Purchase Agreements and subsequent amendments.

We anticipate that the first closing will occur no earlier than the first half of 2024 and that the second closing (on the deferred licenses) will occur in late 2024 or early 2025.

The parties have agreed that each of the closings will occur within 180 days after the receipt of the applicable required regulatory approvals, and payment of each portion of the aggregate \$3.5 billion purchase price will occur no later than 40 days after the date of each respective closing.

*Comcast Corporation*

On September 12, 2023, we entered into a License Purchase Agreement with Comcast Corporation and its affiliate, Comcast OTR1, LLC (together with Comcast Corporation, “Comcast”), pursuant to which we will acquire spectrum in the 600 MHz band from Comcast in exchange for total cash consideration of between \$1.2 billion and \$3.3 billion, subject to an application for FCC approval. The licenses will be acquired without any associated networks. We anticipate the closing will occur in the first half of 2028.

The final purchase price will be determined, in the aggregate and on a per license basis, based on the set of licenses subject to the License Purchase Agreement at the time the parties make required transfer filings with the FCC. Prior to the time of such filings, Comcast has the right to remove any or all of a certain specified subset of the licenses, totaling \$2.1 billion (the “Optional Sale Licenses”), from the License Purchase Agreement. The removal of any Optional Sale Licenses would reduce the final purchase price by the assigned value of each such license, from the maximum purchase price of \$3.3 billion.

The licenses are subject to an exclusive leasing arrangement between us and Comcast entered into contemporaneously with the License Purchase Agreement. If Comcast elects to remove an Optional Sale License from the License Purchase Agreement, the associated lease for such Optional Sale License will terminate, but no sooner than two years from the date of the License Purchase Agreement (with us having a minimum period of time after any such termination to cease transmitting on such license’s associated spectrum).

**Note 6 – Fair Value Measurements**

The carrying values of Cash and cash equivalents, Accounts receivable and Accounts payable and accrued liabilities approximate fair value due to the short-term maturities of these instruments. The carrying values of EIP receivables approximate fair value as the receivables are recorded at their present value using an imputed interest rate.

***Derivative Financial Instruments***

Periodically, we use derivatives to manage exposure to market risk, such as interest rate risk. We designate certain derivatives as hedging instruments in a qualifying hedge accounting relationship to help minimize significant, unplanned fluctuations in cash flows or fair values caused by designated market risks, such as interest rate volatility. We do not use derivatives for trading or speculative purposes.

Cash flows associated with qualifying hedge derivative instruments are presented in the same category on our Condensed Consolidated Statements of Cash Flows as the item being hedged. For fair value hedges, the change in the fair value of the derivative instruments is recognized in earnings through the same income statement line item as the change in the fair value of the hedged item. For cash flow hedges, the change in the fair value of the derivative instruments is reported in Other comprehensive income and recognized in earnings when the hedged item is recognized in earnings, again, through the same income statement line item.

We did not have any significant derivative instruments outstanding as of September 30, 2023, or December 31, 2022.

#### *Interest Rate Lock Derivatives*

In April 2020, we terminated our interest rate lock derivatives entered into in October 2018.

Aggregate changes in the fair value of the interest rate lock derivatives, net of tax and amortization, of \$1.2 billion and \$1.3 billion are presented in Accumulated other comprehensive loss on our Condensed Consolidated Balance Sheets as of September 30, 2023, and December 31, 2022, respectively.

For the three months ended September 30, 2023 and 2022, \$55 million and \$51 million, respectively, and for the nine months ended September 30, 2023 and 2022, \$163 million and \$151 million, respectively, were amortized from Accumulated other comprehensive loss into Interest expense, net, on our Condensed Consolidated Statements of Comprehensive Income. We expect to amortize \$232 million of the Accumulated other comprehensive loss associated with the derivatives into Interest expense, net, over the 12 months ending September 30, 2024.

#### *Deferred Purchase Price Assets*

In connection with the sales of certain service and EIP accounts receivable pursuant to the sale arrangements, we have deferred purchase price assets measured at fair value that are based on a discounted cash flow model using unobservable Level 3 inputs, including customer default rates. See [Note 4 – Sales of Certain Receivables](#) for further information.

The carrying amounts of our deferred purchase price assets, which are measured at fair value on a recurring basis and are included on our Condensed Consolidated Balance Sheets, were \$690 million and \$692 million as of September 30, 2023, and December 31, 2022, respectively.

#### *Debt*

The fair value of our Senior Notes and spectrum-backed Senior Secured Notes to third parties was determined based on quoted market prices in active markets, and therefore were classified as Level 1 within the fair value hierarchy. The fair value of our Senior Notes to affiliates was determined based on a discounted cash flow approach using market interest rates of instruments with similar terms and maturities and an estimate for our standalone credit risk. Accordingly, our Senior Notes to affiliates were classified as Level 2 within the fair value hierarchy. The fair value of our asset-backed notes ("ABS Notes") was primarily based on quoted prices in inactive markets for identical instruments and observable changes in market interest rates, both of which are Level 2 inputs. Accordingly, our ABS Notes were classified as Level 2 within the fair value hierarchy.

Although we have determined the estimated fair values using available market information and commonly accepted valuation methodologies, considerable judgment was required in interpreting market data to develop fair value estimates for the Senior Notes to affiliates and ABS Notes. The fair value estimates were based on information available as of September 30, 2023, and December 31, 2022. As such, our estimates are not necessarily indicative of the amount we could realize in a current market exchange.



The carrying amounts and fair values of our short-term and long-term debt included on our Condensed Consolidated Balance Sheets were as follows:

|                                       |                                       | September 30, 2023 |            | December 31, 2022              |                           |
|---------------------------------------|---------------------------------------|--------------------|------------|--------------------------------|---------------------------|
| (in millions)                         | Level within the Fair Value Hierarchy | Carrying Amount    | Fair Value | Carrying Amount <sup>(1)</sup> | Fair Value <sup>(1)</sup> |
| <b>Liabilities:</b>                   |                                       |                    |            |                                |                           |
| Senior Notes to third parties         | 1                                     | \$ 70,542          | \$ 61,198  | \$ 66,582                      | \$ 59,011                 |
| Senior Notes to affiliates            | 2                                     | 1,496              | 1,439      | 1,495                          | 1,460                     |
| Senior Secured Notes to third parties | 1                                     | 2,513              | 2,407      | 3,117                          | 2,984                     |
| ABS Notes to third parties            | 2                                     | 747                | 739        | 746                            | 744                       |

(1) Excludes \$20 million as of December 31, 2022, in other financial liabilities as the carrying values approximate fair value, primarily due to the short-term maturities of these instruments.

## Note 7 – Debt

The following table sets forth the debt balances and activity as of, and for the nine months ended, September 30, 2023:

| (in millions)                | December 31, 2022 | Proceeds from Issuances and Borrowings <sup>(1)</sup> | Note Redemptions | Repayments | Reclassifications <sup>(1)</sup> | Other <sup>(2)</sup> | September 30, 2023 |
|------------------------------|-------------------|---|------------------|------------|----------------------------------|----------------------|--------------------|
| Short-term debt              | \$ 5,164          | \$ —  | \$ (4,250)       | \$ (578)   | \$ 3,236                         | \$ (135)             | \$ 3,437           |
| Long-term debt               | 65,301            | 8,446   | —                | —          | (3,236)                          | (146)                | 70,365             |
| Total debt to third parties  | 70,465            | 8,446   | (4,250)          | (578)      | —                                | (281)                | 73,802             |
| Long-term debt to affiliates | 1,495             | —   | —                | —          | —                                | 1                    | 1,496              |
| Total debt                   | \$ 71,960         | \$ 8,446  | \$ (4,250)       | \$ (578)   | \$ —                             | \$ (280)             | \$ 75,298          |

(1) Issuances and borrowings, note redemptions and reclassifications are recorded net of accrued or paid issuance costs, discounts and premiums.

(2) Other includes the amortization of premiums, discounts, debt issuance costs and consent fees.

Our effective interest rate, excluding the impact of derivatives and capitalized interest, was approximately 4.0% and 3.8% on weighted-average debt outstanding of \$77.2 billion and \$71.6 billion for the three months ended September 30, 2023 and 2022, respectively, and 4.0% and 3.9% on weighted-average debt outstanding of \$75.5 billion and \$72.4 billion for the nine months ended September 30, 2023 and 2022, respectively. The weighted-average debt outstanding was calculated by applying an average of the monthly ending balances of total short-term and long-term debt to third parties and short-term and long-term debt to affiliates, net of unamortized premiums, discounts, debt issuance costs and consent fees.

## Issuances and Borrowings

During the nine months ended September 30, 2023, we issued the following Senior Notes:

| (in millions)                | Principal Issuances | Premiums/Discounts and Issuance Costs, Net | Net Proceeds from Issuance of Long-Term Debt | Issue Date         |
|------------------------------|---------------------|--|--|--------------------|
| 4.950% Senior Notes due 2028 | \$ 1,000            | \$ (6)                                     | \$ 994                                       | February 9, 2023   |
| 5.050% Senior Notes due 2033 | 1,250               | (9)  | 1,241  | February 9, 2023   |
| 5.650% Senior Notes due 2053 | 750                 | 26   | 776  | February 9, 2023   |
| 4.800% Senior Notes due 2028 | 900                 | (5)  | 895  | May 11, 2023       |
| 5.050% Senior Notes due 2033 | 1,350               | (28)                                       | 1,322  | May 11, 2023       |
| 5.750% Senior Notes due 2054 | 1,250               | (16)                                       | 1,234  | May 11, 2023       |
| 5.750% Senior Notes due 2034 | 1,000               | (6)  | 994  | September 14, 2023 |
| 6.000% Senior Notes due 2054 | 1,000               | (10)                                       | 990  | September 14, 2023 |
| Total of Senior Notes issued | \$ 8,500            | \$ (54)                                    | \$ 8,446                                     |                    |

### Note Redemptions and Repayments

During the nine months ended September 30, 2023, we made the following redemption and repayments:

| (in millions)                                   | Principal Amount | Repayment Date     |
|---|------------------|--------------------|
| 7.875% Senior Notes due 2023                    | \$ 4,250         | September 15, 2023 |
| Total Redemptions                               | \$ 4,250         |                    |
| 4.738% Secured Series 2018-1 A-1 Notes due 2025 | \$ 394           | Various            |
| 5.152% Series 2018-1 A-2 Notes due 2028         | 184              | Various            |
| Total Repayments                                | \$ 578           |                    |

### Asset-backed Notes

Our ABS Notes are secured by \$983 million of gross EIP receivables and future collections on such receivables. The ABS Notes issued and the assets securing this debt are included on our Condensed Consolidated Balance Sheets.

The expected maturities of our ABS Notes are as follows:

| (in millions)                            | Expected Maturities |        |
|--|---------------------|--------|
|  | 2024                | 2025   |
| 4.910% Class A Senior ABS Notes due 2028 | \$ 198              | \$ 552 |

### Variable Interest Entities

In connection with issuing the ABS Notes in October 2022, we formed a wholly owned subsidiary, which qualifies as a bankruptcy remote entity (the “ABS BRE”), and a trust (the “ABS Trust” and together with the ABS BRE, the “ABS Entities”), in which the ABS BRE holds a residual interest. The ABS Entities meet the definition of a VIE for which we have determined that we are the primary beneficiary as we have the power to direct the activities of the ABS Entities that most significantly impact their performance. Accordingly, we include the balances and results of operations of the ABS Entities in our condensed consolidated financial statements.

The following table summarizes the carrying amounts and classification of assets and liabilities included in our Condensed Consolidated Balance Sheets with respect to the ABS Entities:

| (in millions)  | September 30, 2023 | December 31, 2022 |
|--|--------------------|-------------------|
| <b>Assets</b>  |                    |                   |
| Equipment installment plan receivables, net                    | \$ 767             | \$ 652            |
| Equipment installment plan receivables due after one year, net | 151                | 281               |
| Other current assets   | 94                 | 73                |
| <b>Liabilities</b>   |                    |                   |
| Accounts payable and accrued liabilities                       | \$ 1               | \$ 1              |
| Long-term debt   | 747                | 746               |

See [Note 3 – Receivables and Related Allowance for Credit Losses](#) for additional information on the EIP receivables used to secure the ABS Notes.

### Restricted Cash

Certain provisions of our debt agreements require us to maintain specified cash collateral balances. Amounts associated with these balances are considered to be restricted cash. See [Note 15 - Additional Financial Information](#) for our reconciliation of Cash and cash equivalents, including restricted cash and cash held for sale.

### Commercial Paper

On July 25, 2023, we established an unsecured short-term commercial paper program with the ability to borrow up to \$2.0 billion from time to time. This program supplements our other available external financing arrangements, and proceeds are expected to be used for general corporate purposes. As of September 30, 2023, there was no outstanding balance under this program.

## **Note 8 – Tower Obligations**

### ***Existing CCI Tower Lease Arrangements***

In 2012, we conveyed to Crown Castle International Corp. (“CCI”) the exclusive right to manage and operate approximately 6,200 tower sites (“CCI Lease Sites”) via a master prepaid lease with site lease terms ranging from 23 to 37 years. CCI has fixed-price purchase options for the CCI Lease Sites totaling approximately \$2.0 billion, exercisable annually on a per-tranche basis at the end of the lease term during the period from December 31, 2035, through December 31, 2049. If CCI exercises its purchase option for any tranche, it must purchase all the towers in the tranche. We lease back a portion of the space at certain tower sites.

Assets and liabilities associated with the operation of the tower sites were transferred to special purpose entities (“SPEs”). Assets included ground lease agreements or deeds for the land on which the towers are situated, the towers themselves and existing subleasing agreements with other mobile network operator tenants that lease space at the tower sites. Liabilities included the obligation to pay ground lease rentals, property taxes and other executory costs.

We determined the SPEs containing the CCI Lease Sites (“Lease Site SPEs”) are VIEs as they lack sufficient equity to finance their activities. We have a variable interest in the Lease Site SPEs but are not the primary beneficiary as we lack the power to direct the activities that most significantly impact the Lease Site SPEs’ economic performance. These activities include managing tenants and underlying ground leases, performing repair and maintenance on the towers, the obligation to absorb expected losses and the right to receive the expected future residual returns from the purchase option to acquire the CCI Lease Sites. As we determined that we are not the primary beneficiary and do not have a controlling financial interest in the Lease Site SPEs, the Lease Site SPEs are not included on our condensed consolidated financial statements.

However, we also considered if this arrangement resulted in the sale of the CCI Lease Sites for which we would derecognize the tower assets. By assessing whether control had transferred, we concluded that transfer of control criteria, as discussed in the revenue standard, were not met. Accordingly, we recorded this arrangement as a financing whereby we recorded debt, a financial obligation, and the CCI Lease Sites tower assets remained on our Condensed Consolidated Balance Sheets. We recorded long-term financial obligations in the amount of the net proceeds received and recognize interest on the tower obligations. The tower obligations are increased by interest expense and amortized through contractual leaseback payments made by us to CCI and through net cash flows generated and retained by CCI from the operation of the tower sites.

### ***Acquired CCI Tower Lease Arrangements***

Prior to our merger (the “Merger”) with Sprint, Sprint entered into a lease-out and leaseback arrangement with Global Signal Inc., a third party that was subsequently acquired by CCI, that conveyed to CCI the exclusive right to manage and operate approximately 6,400 tower sites (“Master Lease Sites”) via a master prepaid lease. These agreements were assumed upon the close of the Merger, at which point the remaining term of the lease-out was approximately 17 years with no renewal options. CCI has a fixed price purchase option for all (but not less than all) of the leased or subleased sites for approximately \$2.3 billion, exercisable one year prior to the expiration of the agreement and ending 120 days prior to the expiration of the agreement. We lease back a portion of the space at certain tower sites.

We considered if this arrangement resulted in the sale of the Master Lease Sites for which we would derecognize the tower assets. By assessing whether control had transferred, we concluded that transfer of control criteria, as discussed in the revenue standard, were not met. Accordingly, we recorded this arrangement as a financing whereby we recorded debt, a financial obligation, and the Master Lease Sites tower assets remained on our Condensed Consolidated Balance Sheets.

As of the closing date of the Merger, we recognized Property and equipment with a fair value of \$2.8 billion and tower obligations related to amounts owed to CCI under the leaseback of \$1.1 billion. Additionally, we recognized \$1.7 billion in Other long-term liabilities associated with contract terms that are unfavorable to current market rates, which include unfavorable terms associated with the fixed-price purchase option in 2037.

We recognize interest expense on the tower obligations. The tower obligations are increased by the interest expense and amortized through contractual leaseback payments made by us to CCI. The tower assets are reported in Property and equipment, net on our Condensed Consolidated Balance Sheets and are depreciated to their estimated residual values over the expected useful life of the towers, which is 20 years.

### Leaseback Arrangement

On January 3, 2022, we entered into an agreement (the “Crown Agreement”) with CCI. The Crown Agreement extends the current term of the leasebacks by up to 12 years and modifies the leaseback payments for both the Existing CCI Tower Lease Arrangement and the Acquired CCI Tower Lease Arrangement. As a result of the Crown Agreement, there was an increase in our financing obligation as of the effective date of the Crown Agreement of approximately \$1.2 billion, with a corresponding decrease to Other long-term liabilities associated with unfavorable contract terms. The modification resulted in a revised interest rate under the effective interest method for the tower obligations: 11.6% for the Existing CCI Tower Lease Arrangement and 5.3% for the Acquired CCI Tower Lease Arrangement. There were no changes made to either of our master prepaid leases with CCI.

The following table summarizes the balances associated with both of the tower arrangements on our Condensed Consolidated Balance Sheets:

| (in millions)               | September 30,<br>2023 | December 31,<br>2022 |
|-----------------------------|-----------------------|----------------------|
| Property and equipment, net | \$ 2,259              | \$ 2,379             |
| Tower obligations           | 3,819                 | 3,934                |
| Other long-term liabilities | 554                   | 554                  |

Future minimum payments related to the tower obligations are approximately \$432 million for the 12-month period ending September 30, 2024, \$780 million in total for both of the 12-month periods ending September 30, 2025 and 2026, \$804 million in total for both of the 12-month periods ending September 30, 2027 and 2028, and \$4.2 billion in total thereafter.

We are contingently liable for future ground lease payments through the remaining term of the CCI Lease Sites and the Master Lease Sites. These contingent obligations are not included in Operating lease liabilities as any amount due is contractually owed by CCI based on the subleasing arrangement. Under the arrangement, we remain primarily liable for ground lease payments on approximately 900 sites and have included lease liabilities of \$244 million in our Operating lease liabilities as of September 30, 2023.

### Note 9 – Revenue from Contracts with Customers

#### Disaggregation of Revenue

We provide wireless communications services to three primary categories of customers:

- Postpaid customers generally include customers who are qualified to pay after receiving wireless communications services utilizing phones, High Speed Internet, mobile internet devices, including tablets and hotspots, wearables, DIGITS or other connected devices, including SyncUP and IoT;
- Prepaid customers generally include customers who pay for wireless communications services in advance; and
- Wholesale customers include Machine-to-Machine and Mobile Virtual Network Operator customers that operate on our network but are managed by wholesale partners.

Postpaid service revenues, including postpaid phone revenues and postpaid other revenues, were as follows:

| (in millions)                    | Three Months Ended September 30, |                  | Nine Months Ended September 30, |                  |
|----------------------------------|----------------------------------|------------------|---------------------------------|------------------|
|                                  | 2023                             | 2022             | 2023                            | 2022             |
| <b>Postpaid service revenues</b> |                                  |                  |                                 |                  |
| Postpaid phone revenues          | \$ 10,942                        | \$ 10,481        | \$ 32,393                       | \$ 31,119        |
| Postpaid other revenues          | 1,346                            | 1,067            | 3,827                           | 3,075            |
| Total postpaid service revenues  | <u>\$ 12,288</u>                 | <u>\$ 11,548</u> | <u>\$ 36,220</u>                | <u>\$ 34,194</u> |

We operate as a single operating segment. The balances presented in each revenue line item on our Condensed Consolidated Statements of Comprehensive Income represent categories of revenue from contracts with customers disaggregated by type of product and service. Postpaid and prepaid service revenues also include revenues earned for providing premium services to customers, such as device insurance services. Revenue generated from the lease of mobile communication devices is included in Equipment revenues on our Condensed Consolidated Statements of Comprehensive Income.

## Contract Balances

The contract asset and contract liability balances from contracts with customers as of September 30, 2023, and December 31, 2022, were as follows:

| (in millions)                    | Contract Assets | Contract Liabilities |
|----------------------------------|-----------------|----------------------|
| Balance as of December 31, 2022  | \$ 534          | \$ 748               |
| Balance as of September 30, 2023 | 617             | 814                  |
| Change                           | \$ 83           | \$ 66                |

Contract assets primarily represent revenue recognized for equipment sales with promotional bill credits offered to customers that are paid over time and are contingent on the customer maintaining a service contract.

Contract asset balances increased primarily due to an increase in promotions with an extended service contract, partially offset by billings on existing contracts and impairment, which is recognized as bad debt expense. The current portion of our contract assets of approximately \$490 million and \$356 million as of September 30, 2023, and December 31, 2022, respectively, was included in Other current assets on our Condensed Consolidated Balance Sheets.

Contract liabilities are recorded when fees are collected, or we have an unconditional right to consideration (a receivable) in advance of delivery of goods or services. Changes in contract liabilities are primarily related to the activity of prepaid customers. Contract liabilities are primarily included in Deferred revenue on our Condensed Consolidated Balance Sheets.

Revenues for the three and nine months ended September 30, 2023 and 2022 include the following:

| (in millions)  | Three Months Ended September 30, |       | Nine Months Ended September 30, |        |
|--|----------------------------------|-------|---------------------------------|--------|
|  | 2023                             | 2022  | 2023                            | 2022   |
| Amounts included in the beginning of year contract liability balance | \$ 24                            | \$ 17 | \$ 730                          | \$ 702 |

## Remaining Performance Obligations

As of September 30, 2023, the aggregate amount of transaction price allocated to remaining service performance obligations for postpaid contracts with subsidized devices and promotional bill credits that result in an extended service contract is \$1.5 billion. We expect to recognize revenue as the service is provided on these postpaid contracts over an extended contract term of 24 months from the time of origination.

Information about remaining performance obligations that are part of a contract that has an original expected duration of one year or less has been excluded from the above, which primarily consists of monthly service contracts.

Certain of our wholesale, roaming and service contracts include variable consideration based on usage and performance. This variable consideration has been excluded from the disclosure of remaining performance obligations. As of September 30, 2023, the aggregate amount of the contractual minimum consideration for wholesale, roaming and service contracts is \$395 million, \$2.0 billion and \$4.2 billion for 2023, 2024, and 2025 and beyond, respectively. These contracts have a remaining duration ranging from less than one year to eight years.

## Contract Costs

The balance of deferred incremental costs to obtain contracts with customers was \$2.1 billion and \$1.9 billion as of September 30, 2023, and December 31, 2022, respectively, and is included in Other assets on our Condensed Consolidated Balance Sheets. Deferred contract costs incurred to obtain postpaid service contracts are amortized over a period of 24 months. The amortization period is monitored to reflect any significant change in assumptions. Amortization of deferred contract costs included in Selling, general and administrative expenses on our Condensed Consolidated Statements of Comprehensive Income were \$468 million and \$375 million for the three months ended September 30, 2023 and 2022, respectively, and \$1.3 billion and \$1.1 billion for the nine months ended September 30, 2023 and 2022, respectively.

The deferred contract cost asset is assessed for impairment on a periodic basis. There were no impairment losses recognized on deferred contract cost assets for the three and nine months ended September 30, 2023 and 2022.

## **Note 10 – Stockholder Return Programs**

### ***2022 Stock Repurchase Program***

On September 8, 2022, our Board of Directors authorized our 2022 Stock Repurchase Program for up to \$14.0 billion of our common stock through September 30, 2023 (the “2022 Stock Repurchase Program”). During the three months ended September 30, 2023, we repurchased 19,313,159 shares of our common stock at an average price per share of \$138.48 for a total purchase price of \$2.7 billion, and during the nine months ended September 30, 2023, we repurchased 77,460,937 shares of our common stock at an average price per share of \$141.57 for a total purchase price of \$11.0 billion, all of which were purchased under the 2022 Stock Repurchase Program. All shares purchased during the nine months ended September 30, 2023, were purchased at market price.

### ***2023-2024 Stockholder Return Program***

On September 6, 2023, our Board of Directors authorized our 2023-2024 Stockholder Return Program of up to \$19.0 billion that will run through December 31, 2024. The 2023-2024 Stockholder Return Program is expected to consist of additional repurchases of shares of our common stock and the payment of cash dividends. The amount available under the 2023-2024 Stockholder Return Program for share repurchases will be reduced by the amount of any cash dividends declared by us.

Under the 2023-2024 Stockholder Return Program, share repurchases can be made from time to time using a variety of methods, which may include open market purchases, Rule 10b5-1 plans, accelerated share repurchases, privately negotiated transactions or otherwise, all in accordance with the rules of the Securities and Exchange Commission and other applicable legal requirements. The specific timing and amount of any share repurchases, and the specific timing and amount of any dividend payments, under the 2023-2024 Stockholder Return Program will depend on prevailing share prices, general economic and market conditions, Company performance, and other considerations. In addition, the specific timing and amount of any dividend payments are subject to being declared on future dates by our Board of Directors in its sole discretion. The 2023-2024 Stockholder Return Program does not obligate us to acquire any particular amount of common stock or to declare and pay any particular amount of dividends, and the 2023-2024 Stockholder Return Program may be suspended or discontinued at any time at our discretion.

On September 25, 2023, our Board of Directors declared a cash dividend of \$0.65 per share on our issued and outstanding common stock, which is payable on December 15, 2023, to stockholders of record as of the close of business on December 1, 2023. As of September 30, 2023, \$745 million for dividends payable is presented within Other current liabilities on our Condensed Consolidated Balance Sheets, of which \$393 million is payable to DT.

During the three and nine months ended September 30, 2023, we did not repurchase any shares of our common stock under the 2023-2024 Stockholder Return Program. As of September 30, 2023, we had up to \$18.3 billion remaining under the 2023-2024 Stockholder Return Program.

Subsequent to September 30, 2023, from October 1, 2023, through October 20, 2023, we repurchased 5,515,568 shares of our common stock at an average price per share of \$139.76 for a total purchase price of \$771 million. As of October 20, 2023, we had up to \$17.5 billion remaining under the 2023-2024 Stockholder Return Program.

## **Note 11 – Wireline**

### ***Sale of the Wireline Business***

On September 6, 2022, two of our wholly owned subsidiaries, Sprint Communications and Sprint LLC, and Cogent Infrastructure, Inc. entered into the Wireline Sale Agreement, pursuant to which the Buyer agreed to acquire the Wireline Business. The Wireline Sale Agreement provided that, upon the terms and conditions set forth therein, the Buyer agreed to purchase all of the issued and outstanding membership interests (the “Purchased Interests”) of a Delaware limited liability company that holds certain assets and liabilities relating to the Wireline Business.

On May 1, 2023, pursuant to the Wireline Sale Agreement, upon the terms and subject to the conditions thereof, we completed the Wireline Transaction. Under the terms of the Wireline Sale Agreement, the parties agreed to a \$1 purchase price in consideration for the Purchased Interests, subject to customary adjustments, as well as payments to the Buyer pursuant to an IP transit services agreement totaling \$700 million, consisting of (i) \$350 million in equal monthly installments during the first year after the Closing and (ii) \$350 million in equal monthly installments over the subsequent 42 months. The Buyer paid the

Company \$61 million at Closing. The Closing of the Wireline Transaction did not have a significant impact on the Loss (gain) on disposal group held for sale on our Condensed Consolidated Statements of Comprehensive Income.

The present value of the \$700 million liability for fees payable for IP transit services was recognized and treated as part of the consideration exchanged with the Buyer to complete the disposal transaction, as there is a remote likelihood we will use any more than a de minimis amount of the services under the IP transit services agreement. Therefore, we concluded the cash payment obligations under the IP transit services agreement were part of the consideration paid to the Buyer to facilitate the sale of the Wireline Business, and therefore, included in measuring the fair value less costs to sell of the Wireline Business disposal group. As of September 30, 2023, \$246 million and \$275 million of this liability, including accrued interest, is presented within Other current liabilities and Other long-term liabilities, respectively, on our Condensed Consolidated Balance Sheets in accordance with the expected timing of the related payments. As of September 30, 2023, \$30 million and \$31 million for contractual and other payments associated with the Wireline Transaction are presented within Other current liabilities and Other long-term liabilities, respectively, on our Condensed Consolidated Balance Sheets in accordance with the expected timing of the related payments.

We recognized a pre-tax gain of \$25 million during the nine months ended September 30, 2023, and a pre-tax loss of \$1.1 billion during the three and nine months ended September 30, 2022, which are included within Loss (gain) on disposal group held for sale on our Condensed Consolidated Statements of Comprehensive Income. There was no gain or loss on disposal group held for sale for the three months ended September 30, 2023.

We do not consider the sale of the Wireline Business to be a strategic shift that will have a major effect on the Company's operations and financial results, and therefore the Wireline Business did not qualify for reporting as a discontinued operation.

## 2022 Wireline Impairment

During the second quarter of 2022, we determined that the retirement of the legacy Sprint CDMA and LTE wireless networks triggered the need to assess the Wireline long-lived assets for impairment, as these assets no longer support our wireless network and the associated customers and cash flows in a significant manner. The results of this assessment indicated that certain Wireline long-lived assets were impaired, and as a result, we recorded noncash impairment expense of \$477 million during the nine months ended September 30, 2022, all of which relates to the impairment recognized during the three months ended June 30, 2022, of which \$258 million was related to Wireline Property and equipment, \$212 million was related to Operating lease right-of-use assets and \$7 million was related to Other intangible assets. The expense is included within Impairment expense on our Condensed Consolidated Statements of Comprehensive Income. There was no impairment expense recognized for the three and nine months ended September 30, 2023.

## Note 12 – Earnings Per Share

The computation of basic and diluted earnings per share was as follows:

| (in millions, except shares and per share amounts)  | Three Months Ended September 30, |               | Nine Months Ended September 30, |               |
|---|----------------------------------|---------------|---------------------------------|---------------|
|   | 2023                             | 2022          | 2023                            | 2022          |
| Net income  | \$ 2,142                         | \$ 508        | \$ 6,303                        | \$ 1,113      |
| Weighted-average shares outstanding – basic         | 1,171,336,373                    | 1,253,873,429 | 1,194,497,722                   | 1,252,783,140 |
| Effect of dilutive securities:                      |                                  |               |                                 |               |
| Outstanding stock options and unvested stock awards | 3,054,099                        | 5,336,842     | 3,792,419                       | 5,278,338     |
| Weighted-average shares outstanding – diluted       | 1,174,390,472                    | 1,259,210,271 | 1,198,290,141                   | 1,258,061,478 |
| Earnings per share – basic                          | \$ 1.83                          | \$ 0.40       | \$ 5.28                         | \$ 0.89       |
| Earnings per share – diluted                        | \$ 1.82                          | \$ 0.40       | \$ 5.26                         | \$ 0.88       |
| Potentially dilutive securities:                    |                                  |               |                                 |               |
| Outstanding stock options and unvested stock awards | 122,700                          | 50,004        | 133,137                         | 79,122        |
| SoftBank contingent consideration <sup>(1)</sup>    | 48,751,557                       | 48,751,557    | 48,751,557                      | 48,751,557    |

(1) Represents the weighted-average SoftBank Specified Shares Amount that is contingently issuable from the Merger date of April 1, 2020, pursuant to a letter agreement dated February 20, 2020, between T-Mobile, SoftBank and DT (the "Letter Agreement").

As of September 30, 2023, we had authorized 100 million shares of preferred stock, with a par value of \$0.00001 per share. There was no preferred stock outstanding as of September 30, 2023 and 2022. Potentially dilutive securities were not included in the computation of diluted earnings per share if to do so would have been anti-dilutive.

The SoftBank Specified Shares Amount of 48,751,557 shares of T-Mobile common stock was determined to be contingent consideration for the Merger and is not dilutive until the defined volume-weighted average price per share is reached.

The issuance of the SoftBank Specified Shares Amount is contingent on the trailing 45-trading-day volume-weighted average price per share of T-Mobile common stock on the NASDAQ Global Select Market being equal to or greater than \$150.00 (the "Threshold Price"), at any time during the period commencing on April 1, 2022, and ending on December 31, 2025 (the "Measurement Period"). In accordance with the terms of the Letter Agreement, the Threshold Price is subject to downward adjustment by the per share amount of any cash dividends or other cash distributions declared or paid on our common stock during the Measurement Period. As of September 30, 2023, the Threshold Price is \$149.35 and will automatically further adjust upon the declaration of any future cash dividends as provided in the Letter Agreement.

## **Note 13 – Commitments and Contingencies**

### ***Purchase Commitments***

We have commitments for non-dedicated transportation lines with varying expiration terms that generally extend through 2038. In addition, we have commitments to purchase wireless devices, network services, equipment, software, marketing sponsorship agreements and other items in the ordinary course of business, with various terms through 2043.

Our purchase commitments are approximately \$4.7 billion for the 12-month period ending September 30, 2024, \$4.3 billion in total for both of the 12-month periods ending September 30, 2025 and 2026, \$2.7 billion in total for both of the 12-month periods ending September 30, 2027 and 2028, and \$2.3 billion in total thereafter. These amounts are not reflective of our entire anticipated purchases under the related agreements but are determined based on the non-cancelable quantities or termination amounts to which we are contractually obligated.

On March 9, 2023, we entered into a Merger and Unit Purchase Agreement for the acquisition of 100% of the outstanding equity of Ka'ena Corporation and its subsidiaries including, among others, Mint Mobile LLC, for a maximum purchase price of \$1.35 billion to be paid out 39% in cash and 61% in shares of T-Mobile common stock. Our estimate of the upfront payment is subject to Ka'ena Corporation's underlying business performance and the timing of transaction close, and has been updated to \$1.2 billion, before working capital adjustments. The agreement remains subject to regulatory approval, and the estimated purchase price is excluded from our reported purchase commitments above. See [Note 2 – Business Combination](#) for additional details.

### ***Spectrum Leases***

We lease spectrum from various parties. These leases include service obligations to the lessors. Certain spectrum leases provide for minimum lease payments, additional charges, renewal options and escalation clauses. Leased spectrum agreements have varying expiration terms that generally extend through 2050. We expect that all renewal periods in our spectrum leases will be exercised by us. Certain spectrum leases also include purchase options and right-of-first refusal clauses in which we are provided the opportunity to exercise our purchase option if the lessor receives a purchase offer from a third party. The purchase of the leased spectrum is at our option and therefore the option price is not included in the commitments below.

Our spectrum lease and service credit commitments, including renewal periods, are approximately \$303 million for the 12-month period ending September 30, 2024, \$602 million in total for both of the 12-month periods ending September 30, 2025 and 2026, \$666 million in total for both of the 12-month periods ending September 30, 2027 and 2028, and \$4.4 billion in total thereafter.

On August 8, 2022, we entered into License Purchase Agreements to acquire spectrum in the 600 MHz band from Channel 51 License Co LLC and LB License Co, LLC in exchange for total cash consideration of \$3.5 billion. The licenses are currently being utilized by us through exclusive leasing arrangements with the Sellers. On March 30, 2023, we and the Sellers entered into Amended and Restated License Purchase Agreements pursuant to which we and the Sellers agreed to separate the transaction into two tranches of licenses, with the closings on the acquisitions of certain licenses in Chicago, Dallas and New Orleans being deferred in order to potentially expedite the regulatory approval process for the remainder of the licenses. Subsequently, on August 25, 2023, we and the Sellers entered into Amendments No. 1 to the Amended and Restated License Purchase Agreements, which deferred the closings of certain additional licenses in Chicago and Dallas into the second closing.



tranche. Together, the licenses with closings deferred into the second closing tranche represent approximately \$1.1 billion of the aggregate \$3.5 billion cash consideration. The agreements remain subject to regulatory approval and are excluded from our reported purchase commitments above. See [Note 5 – Spectrum License Transactions](#) for additional details.

On September 12, 2023, we entered into a License Purchase Agreement with Comcast pursuant to which we will acquire spectrum in the 600 MHz band from Comcast in exchange for total cash consideration of between \$1.2 billion and \$3.3 billion, subject to an application for FCC approval. The licenses are subject to an exclusive leasing arrangement between us and Comcast entered into contemporaneously with the License Purchase Agreement. The agreement remains subject to regulatory approval and is excluded from our reported purchase commitments above. See [Note 5 – Spectrum License Transactions](#) for additional details.

### ***Merger Commitments***

In connection with the regulatory proceedings and approvals of the Merger pursuant to a Business Combination Agreement with Sprint and the other parties named therein (as amended, the “Business Combination Agreement”) and the other transactions contemplated by the Business Combination Agreement (collectively, the “Transactions”) we have commitments and other obligations to various state and federal agencies and certain nongovernmental organizations, including pursuant to the Consent Decree agreed to by us, DT, Sprint, SoftBank and DISH and entered by the U.S. District Court for the District of Columbia, and the FCC’s memorandum opinion and order approving our applications for approval of the Merger. These commitments and obligations include, among other things, extensive 5G network build-out commitments, obligations to deliver high-speed wireless services to the vast majority of Americans, including Americans residing in rural areas, and the marketing of an in-home broadband product where spectrum capacity is available. Other commitments relate to national security, pricing, service, employment and support of diversity initiatives. Many of the commitments specify time frames for compliance and reporting. Failure to fulfill our obligations and commitments in a timely manner could result in substantial fines, penalties, or other legal and administrative actions.

### ***Contingencies and Litigation***

#### ***Litigation and Regulatory Matters***

We are involved in various lawsuits and disputes, claims, government agency investigations and enforcement actions, and other proceedings (“Litigation and Regulatory Matters”) that arise in the ordinary course of business, which include claims of patent infringement (most of which are asserted by non-practicing entities primarily seeking monetary damages), class actions, and proceedings to enforce FCC or other government agency rules and regulations. Those Litigation and Regulatory Matters are at various stages, and some of them may proceed to trial, arbitration, hearing, or other adjudication that could result in fines, penalties, or awards of monetary or injunctive relief in the coming 12 months if they are not otherwise resolved. We have established an accrual with respect to certain of these matters, where appropriate. The accruals are reflected on our condensed consolidated financial statements, but they are not considered to be, individually or in the aggregate, material. An accrual is established when we believe it is both probable that a loss has been incurred and an amount can be reasonably estimated. For other matters, where we have not determined that a loss is probable or because the amount of loss cannot be reasonably estimated, we have not recorded an accrual due to various factors typical in contested proceedings, including, but not limited to, uncertainty concerning legal theories and their resolution by courts or regulators, uncertain damage theories and demands, and a less than fully developed factual record. For Litigation and Regulatory Matters that may result in a contingent gain, we recognize such gains on our condensed consolidated financial statements when the gain is realized or realizable. We recognize legal costs expected to be incurred in connection with Litigation and Regulatory Matters as they are incurred. Except as otherwise specified below, we do not expect that the ultimate resolution of these Litigation and Regulatory Matters, individually or in the aggregate, will have a material adverse effect on our financial position, but we note that an unfavorable outcome of some or all of the specific matters identified below or other matters that we are or may become involved in could have a material adverse impact on results of operations or cash flows for a particular period. This assessment is based on our current understanding of relevant facts and circumstances. As such, our view of these matters is subject to inherent uncertainties and may change in the future.

On February 28, 2020, we received a Notice of Apparent Liability for Forfeiture and Admonishment from the FCC, which proposed a penalty against us for allegedly violating section 222 of the Communications Act and the FCC’s regulations governing the privacy of customer information. In the first quarter of 2020, we recorded an accrual for an estimated payment amount. We maintained the accrual as of September 30, 2023, and that accrual was included in Accounts payable and accrued liabilities on our Condensed Consolidated Balance Sheets.

On April 1, 2020, in connection with the closing of the Merger, we assumed the contingencies and litigation matters of Sprint.

Those matters include a wide variety of disputes, claims, government agency investigations and enforcement actions, and other proceedings. These matters include, among other things, certain ongoing FCC and state government agency investigations into Sprint's Lifeline program. In September 2019, Sprint notified the FCC that it had claimed monthly subsidies for serving subscribers even though these subscribers may not have met usage requirements under Sprint's usage policy for the Lifeline program, due to an inadvertent coding issue in the system used to identify qualifying subscriber usage that occurred in July 2017 while the system was being updated. Sprint has made a number of payments to reimburse the federal government and certain states for excess subsidy payments.

We note that pursuant to Amendment No. 2, dated as of February 20, 2020, to the Business Combination Agreement, dated as of April 29, 2018, by and among the Company, Sprint and the other parties named therein, SoftBank agreed to indemnify us against certain specified matters and losses, including those relating to the Lifeline matters described above. Resolution of these matters could require us to make additional reimbursements and pay additional fines and penalties, which we do not expect to have a significant impact on our financial results. We expect that any additional liabilities related to these indemnified matters would be indemnified and reimbursed by SoftBank.

On June 1, 2021, a putative shareholder class action and derivative lawsuit was filed in the Delaware Court of Chancery, *Dinkevich v. Deutsche Telekom AG, et al.*, Case No. C.A. No. 2021-0479, against DT, SoftBank and certain of our current and former officers and directors, asserting breach of fiduciary duty claims relating to the repricing amendment to the Business Combination Agreement, and to SoftBank's monetization of its T-Mobile shares. We are also named as a nominal defendant in the case. We are unable to predict the potential outcome of these claims.

On August 12, 2021, we became aware of a cybersecurity issue involving unauthorized access to T-Mobile's systems (the "August 2021 cyberattack"). We immediately began an investigation and engaged cybersecurity experts to assist with the assessment of the incident and to help determine what data was impacted. Our investigation uncovered that the perpetrator had illegally gained access to certain areas of our systems on or about March 18, 2021, but only gained access to and took data of current, former, and prospective customers beginning on or about August 3, 2021. With the assistance of our outside cybersecurity experts, we located and closed the unauthorized access to our systems and identified current, former and prospective customers whose information was impacted and notified them, consistent with state and federal requirements. We also undertook a number of other measures to demonstrate our continued support and commitment to data privacy and protection. We also coordinated with law enforcement. Our forensic investigation is complete, and we believe we have a full view of the data compromised.

As a result of the August 2021 cyberattack, we have become subject to numerous lawsuits, including mass arbitration claims and multiple class action lawsuits that have been filed in numerous jurisdictions seeking, among other things, unspecified monetary damages, costs and attorneys' fees arising out of the August 2021 cyberattack. In December 2021, the Judicial Panel on Multidistrict Litigation consolidated the federal class action lawsuits in the U.S. District Court for the Western District of Missouri under the caption *In re: T-Mobile Customer Data Security Breach Litigation*, Case No. 21-md-3019-BCW. On July 22, 2022, we entered into an agreement to settle the lawsuit. On June 29, 2023, the Court issued an order granting final approval of the settlement, which is subject to potential appeals. Under the terms of the settlement, we would pay an aggregate of \$350 million to fund claims submitted by class members, the legal fees of plaintiffs' counsel and the costs of administering the settlement. We would also commit to an aggregate incremental spend of \$150 million for data security and related technology in 2022 and 2023. We previously paid \$35 million for claims administration purposes. On July 31, 2023, a class member filed an appeal to the final approval order challenging the Court's award of attorneys' fees to class counsel. We expect the remaining portion of the \$350 million settlement payment to fund claims to be made once that appeal is resolved. We anticipate that, upon exhaustion of any appeals, the settlement will provide a full release of all claims arising out of the August 2021 cyberattack by class members who do not opt out, against all defendants, including us, our subsidiaries and affiliates, and our directors and officers. The settlement contains no admission of liability, wrongdoing or responsibility by any of the defendants. We have the right to terminate the settlement agreement under certain conditions.

We anticipate that this settlement of the class action, along with other settlements of separate consumer claims that have been previously completed or are currently pending, will resolve substantially all of the claims brought to date by our current, former and prospective customers who were impacted by the 2021 cyberattack. In connection with the proposed class action settlement and the separate settlements, we recorded a total pre-tax charge of approximately \$400 million in the second quarter of 2022. During each of the nine months ended September 30, 2023 and 2022, we recognized \$50 million in reimbursements from insurance carriers for costs incurred related to the August 2021 cyberattack, which is included as a reduction to Selling, general and administrative expenses on our Condensed Consolidated Statements of Comprehensive Income. The ultimate resolution of the class action depends on the number of plaintiffs who opt-out of the proposed settlement and whether the proposed settlement will be appealed.

In addition, in September 2022, a purported Company shareholder filed a derivative action in the Delaware Chancery Court under the caption *Harper v. Sievert et al.*, Case No. 2022-0819-SG, against our current directors and certain of our former directors, alleging claims for breach of fiduciary duty relating to the Company's cybersecurity practices. We are also named as a nominal defendant in the lawsuit. We are unable at this time to predict the potential outcome of this lawsuit or whether we may be subject to further private litigation.

We have also received inquiries from various government agencies, law enforcement and other governmental authorities related to the August 2021 cyberattack which could result in substantial fines or penalties. We are cooperating fully with these agencies and regulators and working with them to resolve these matters. While we hope to resolve them in the near term, we cannot predict the timing or outcome of any of these matters, or whether we may be subject to further regulatory inquiries, investigations, or enforcement actions.

In light of the inherent uncertainties involved in such matters and based on the information currently available to us, in addition to the previously recorded pre-tax charge of approximately \$400 million noted above, we believe it is reasonably possible that we could incur additional losses associated with these proceedings and inquiries, and we will continue to evaluate information as it becomes known and will record an estimate for losses at the time or times when it is both probable that a loss has been incurred and the amount of the loss is reasonably estimable. Ongoing legal and other costs related to these proceedings and inquiries, as well as any potential future actions, may be substantial, and losses associated with any adverse judgments, settlements, penalties or other resolutions of such proceedings and inquiries could be material to our business, reputation, financial condition, cash flows and operating results.

On June 17, 2022, plaintiffs filed a putative antitrust class action complaint in the Northern District of Illinois, *Dale et al. v. Deutsche Telekom AG, et al.*, Case No. 1:22-cv-03189, against DT, T-Mobile, and SoftBank, alleging that the Merger violated the antitrust laws and harmed competition in the U.S. retail cell service market. Plaintiffs seek injunctive relief and trebled monetary damages on behalf of a purported class of AT&T and Verizon customers who plaintiffs allege paid artificially inflated prices due to the Merger. We intend to vigorously defend this lawsuit, but we are unable to predict the potential outcome.

On January 5, 2023, we identified that a bad actor was obtaining data through a single Application Programming Interface ("API") without authorization. Based on our investigation, the impacted API is only able to provide a limited set of customer account data, including name, billing address, email, phone number, date of birth, T-Mobile account number and information such as the number of lines on the account and plan features. The result from our investigation indicates that the bad actor(s) obtained data from this API for approximately 37 million current postpaid and prepaid customer accounts, though many of these accounts did not include the full data set. We believe that the bad actor first retrieved data through the impacted API starting on or around November 25, 2022. We have notified individuals whose information was impacted consistent with state and federal requirements.

In connection with the January 2023 cyberattack, we became subject to consumer class actions and regulatory inquiries, to which we will continue to respond in due course and may incur significant expenses. However, we cannot predict the timing or outcome of any of these potential matters, or whether we may be subject to additional legal proceedings, claims, regulatory inquiries, investigations, or enforcement actions. In addition, we are unable to predict the full impact of this incident on customer behavior in the future, including whether a change in our customers' behavior could negatively impact our results of operations on an ongoing basis, although we presently do not expect that it will have a material effect on our operations.

#### **Note 14 – Restructuring Costs**

##### ***Merger Restructuring Initiatives***

Upon close of the Merger in April 2020, we began implementing restructuring initiatives to realize cost efficiencies and reduce redundancies. The major activities associated with the Merger restructuring initiatives to date include contract termination costs associated with the rationalization of retail stores, distribution channels, duplicative network and backhaul services and other agreements, severance costs associated with the integration of redundant processes and functions and the decommissioning of certain small cell sites and distributed antenna systems to achieve Merger synergies in network costs.

The following table summarizes the expenses incurred in connection with our Merger restructuring initiatives:

| (in millions)                     | Three Months Ended<br>September 30, 2023 | Nine Months Ended<br>September 30, 2023 | Incurred to Date |
|-----------------------------------|--|---|------------------|
| Contract termination costs        | \$ 7                                     | \$ 31                                   | \$ 454           |
| Severance costs                   | —  | 3                                       | 574              |
| Network decommissioning           | 52                                       | 223                                     | 1,700            |
| Total restructuring plan expenses | \$ 59                                    | \$ 257                                  | \$ 2,728         |

The expenses associated with our Merger restructuring initiatives are included in Costs of services and Selling, general and administrative expenses on our Condensed Consolidated Statements of Comprehensive Income.

Our Merger restructuring initiatives also include the acceleration or termination of certain of our operating and financing leases for cell sites, switch sites, retail stores, network equipment and office facilities. Incremental expenses associated with accelerating amortization of the right-of-use assets on lease contracts were \$67 million and \$384 million for the three months ended September 30, 2023 and 2022, respectively, and \$303 million and \$1.6 billion for the nine months ended September 30, 2023 and 2022, respectively, and are included in Costs of services and Selling, general and administrative expenses on our Condensed Consolidated Statements of Comprehensive Income.

The changes in the liabilities associated with our Merger restructuring initiatives, including expenses incurred and cash payments, are as follows:

| (in millions)              | December 31,<br>2022 | Expenses Incurred | Cash Payments | Adjustments for Non-Cash Items <sup>(1)</sup> | September 30,<br>2023 |
|----------------------------|----------------------|-------------------|---------------|---|-----------------------|
| Contract termination costs | \$ 190               | \$ 31             | \$ (199)      | \$ —  | \$ 22                 |
| Severance costs            | —                    | 3                 | (6)           | 3   | —                     |
| Network decommissioning    | 280                  | 223               | (344)         | (15)  | 144                   |
| Total                      | \$ 470               | \$ 257            | \$ (549)      | \$ (12)                                       | \$ 166                |

(1) Non-cash items primarily consist of the write-off of assets within Network decommissioning.

The liabilities accrued in connection with our Merger restructuring initiatives are presented in Accounts payable and accrued liabilities on our Condensed Consolidated Balance Sheets.

We expect to incur substantially all remaining costs associated with our Merger restructuring activities by the end of this year, with the related cash outflows extending beyond 2023.

### 2023 Workforce Reduction

In August 2023, we began implementing an initiative to reduce the size of our workforce by approximately 5,000 positions, just under 7% of our total employee base, primarily in corporate and back-office functions, and some technology roles. We recorded a pre-tax charge of \$471 million during the three months ended September 30, 2023, related to the workforce reduction, which is included in Costs of services and Selling, general and administrative expenses on our Condensed Consolidated Statements of Comprehensive Income.

The changes in the liabilities associated with our workforce reduction initiative, including expenses incurred and cash payments, are as follows:

| (in millions)   | December 31,<br>2022 | Expenses Incurred | Cash Payments | Other <sup>(1)</sup> | September 30,<br>2023 |
|-----------------|----------------------|-------------------|---------------|----------------------|-----------------------|
| Severance costs | \$ —                 | \$ 471            | \$ (18)       | \$ 14                | \$ 467                |

(1) Other primarily consists of previously expensed vacation accruals expected to be paid out as a component of severance.

The liabilities accrued in connection with our workforce reduction activities are presented in Accounts payable and accrued liabilities on our Condensed Consolidated Balance Sheets.

Substantially all costs associated with our workforce reduction activities were recorded during the three months ended September 30, 2023, with substantially all related cash outflows extending through mid-2024.

**Note 15 – Additional Financial Information**
**Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities, excluding amounts classified as held for sale, are summarized as follows:

| (in millions)                               | September 30,<br>2023 | December 31,<br>2022 |
|---|-----------------------|----------------------|
| Accounts payable                            | \$ 4,603              | \$ 7,213             |
| Payroll and related benefits                | 1,354                 | 1,236                |
| Property and other taxes, including payroll | 1,797                 | 1,657                |
| Accrued interest                            | 829                   | 731                  |
| Commissions and contract termination costs  | 287                   | 523                  |
| Toll and interconnect                       | 195                   | 227                  |
| Other                                       | 600                   | 688                  |
| Accounts payable and accrued liabilities    | <u>\$ 9,665</u>       | <u>\$ 12,275</u>     |

Book overdrafts included in accounts payable were \$713 million and \$720 million as of September 30, 2023, and December 31, 2022, respectively.

**Supplemental Condensed Consolidated Statements of Cash Flows Information**

The following table summarizes T-Mobile's supplemental cash flow information:

| (in millions)  | Three Months Ended September 30, |          | Nine Months Ended September 30, |          |
|--|----------------------------------|----------|---------------------------------|----------|
|  | 2023                             | 2022     | 2023                            | 2022     |
| Interest payments, net of amounts capitalized  | \$ 915                           | \$ 781   | \$ 2,651                        | \$ 2,548 |
| Operating lease payments   | 1,037                            | 1,073    | 3,834                           | 3,163    |
| Income tax payments  | 4                                | 12       | 126                             | 75       |
| <b>Non-cash investing and financing activities</b>   |                                  |          |                                 |          |
| Non-cash beneficial interest obtained in exchange for securitized receivables              | \$ 920                           | \$ 1,181 | \$ 3,148                        | \$ 3,189 |
| Change in accounts payable and accrued liabilities for purchases of property and equipment | (459)                            | 390      | (1,196)                         | 139      |
| Increase in Tower obligations from contract modification                                   | —                                | —        | —                               | 1,158    |
| Operating lease right-of-use assets obtained in exchange for lease obligations             | 563                              | 479      | 1,676                           | 7,045    |
| Financing lease right-of-use assets obtained in exchange for lease obligations             | 398                              | 348      | 961                             | 1,197    |

**Cash and cash equivalents, including restricted cash and cash held for sale**

Cash and cash equivalents, including restricted cash and cash held for sale, presented on our Condensed Consolidated Statements of Cash Flows were included on our Condensed Consolidated Balance Sheets as follows:

| (in millions)   | September 30,<br>2023 | December 31,<br>2022 |
|---|-----------------------|----------------------|
| Cash and cash equivalents   | \$ 5,030              | \$ 4,507             |
| Cash and cash equivalents held for sale (included in Other current assets)  | —                     | 27                   |
| Restricted cash (included in Other current assets)                          | 94                    | 73                   |
| Restricted cash (included in Other assets)                                  | 75                    | 67                   |
| Cash and cash equivalents, including restricted cash and cash held for sale | <u>\$ 5,199</u>       | <u>\$ 4,674</u>      |

**Note 16 – Subsequent Events**

Subsequent to September 30, 2023, on October 15, 2023, we and DISH entered into the LPA Amendment to the DISH License Purchase Agreement. See [Note 5 - Spectrum License Transactions](#) for additional information.

Subsequent to September 30, 2023, from October 1, 2023, through October 20, 2023, we repurchased 5,515,568 shares of our common stock at an average price per share of \$139.76 for a total purchase price of \$771 million. See [Note 10 - Stockholder Return Programs](#) for additional information regarding the 2023-2024 Stockholder Return Program.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q ("Form 10-Q") of T-Mobile US, Inc. ("T-Mobile," "we," "our," "us" or the "Company") 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 our 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 that may cause actual results to differ materially from the forward-looking statements. The following important factors, along with the Risk Factors included in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022, and Part II, Item 1A of this Form 10-Q, could affect future results and cause those results to differ materially from those expressed in the forward-looking statements:

- 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 difficulties in maintaining multiple billing systems following our merger (the "Merger") with Sprint Corporation ("Sprint") pursuant to a Business Combination Agreement with Sprint and the other parties named therein (as amended, the "Business Combination Agreement") and any unanticipated difficulties, disruption, or significant delays in our long-term strategy to convert Sprint's legacy customers onto T-Mobile's billing platforms;
- the impacts of the actions we have taken and conditions we have agreed to in connection with the regulatory proceedings and approvals of the Merger and the other transactions contemplated by the Business Combination Agreement (collectively, the "Transactions"), 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 ("Shentel") 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 (the "Final Judgment") agreed to by us, Deutsche Telekom AG ("DT"), 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;
- our inability to manage the ongoing 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;
- any disruption or failure of our third parties (including key suppliers) to provide products or services for the operation of our business;
- our inability to fully realize the synergy benefits from the Transactions in the expected time frame;
- our substantial level of indebtedness and our inability to service our debt obligations in accordance with their terms or to comply with the restrictive covenants contained therein;
- changes in the credit market conditions, credit rating downgrades or an inability to access debt markets;
- restrictive covenants, including the agreements governing our indebtedness and other financings;

- 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;
- 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 Fifth Amended and Restated Certificate of Incorporation (the “Certificate of Incorporation”);
- interests of DT, our controlling stockholder, which may differ from the interests of other stockholders;
- 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
- the dollar amount authorized for our 2023-2024 Stockholder Return Program (as defined in [Note 10 – Stockholder Return Programs](#) of the Notes to the Condensed Consolidated Financial Statements) may not be fully utilized, and our share repurchases and dividend payments pursuant thereto may fail to have the desired impact on stockholder value.

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.

Investors and others should note that we announce material 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 intend to also use certain social media accounts as means of disclosing information about us and our services and for complying with our disclosure obligations under Regulation FD (the [@TMobileIR](#) Twitter account (<https://twitter.com/TMobileIR>), the [@MikeSievert](#) Twitter account (<https://twitter.com/MikeSievert>), which Mr. Sievert also uses as a means for personal communications and observations, and the [@TMobileCFO](#) Twitter Account (<https://twitter.com/tmobilecfo>) and our Chief Financial Officer’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.

## Overview

The objectives of our Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) are to provide users of our condensed consolidated financial statements with the following:

- A narrative explanation from the perspective of management of our financial condition, results of operations, cash flows, liquidity and certain other factors that may affect future results;
- Context to the condensed consolidated financial statements; and
- Information that allows assessment of the likelihood that past performance is indicative of future performance.

Our MD&A is provided as a supplement to, and should be read together with, our unaudited condensed consolidated financial statements as of and for the three and nine months ended September 30, 2023, included in [Part I, Item 1](#) of this Form 10-Q, and audited consolidated financial statements, included in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2022. Except as expressly stated, the financial condition and results of operations discussed throughout our MD&A are those of T-Mobile US, Inc. and its consolidated subsidiaries.



## Sprint Merger, Network Integration and Decommissioning Activities

### Merger-Related Costs

Merger-related costs associated with the Merger and acquisitions of affiliates generally 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 transactions.

Restructuring costs are disclosed in [Note 14—Restructuring Costs](#) of the Notes to the Condensed Consolidated Financial Statements. Merger-related costs have been excluded from our calculations of Adjusted EBITDA and Core Adjusted EBITDA, which are non-GAAP financial measures, as we do not consider these costs to be reflective of our ongoing operating performance. See “Adjusted EBITDA and Core Adjusted EBITDA” in the “[Performance Measures](#)” section of this MD&A. Net cash payments for Merger-related costs, including payments related to our restructuring plan, are included in Net cash provided by operating activities on our Condensed Consolidated Statements of Cash Flows.

Merger-related costs are presented below:

| (in millions)   | Three Months Ended<br>September 30, |                 | Change            |              | Nine Months Ended<br>September 30, |                 | Change            |              |
|---|-------------------------------------|-----------------|-------------------|--------------|------------------------------------|-----------------|-------------------|--------------|
|   | 2023                                | 2022            | \$                | %            | 2023                               | 2022            | \$                | %            |
| <b>Merger-related costs</b>   |                                     |                 |                   |              |                                    |                 |                   |              |
| Cost of services, exclusive of depreciation and amortization        | \$ 120                              | \$ 812          | \$ (692)          | (85)%        | \$ 506                             | \$ 2,380        | \$ (1,874)        | (79)%        |
| Cost of equipment sales, exclusive of depreciation and amortization | (3)                                 | 258             | (261)             | (101)%       | (12)                               | 1,468           | (1,480)           | (101)%       |
| Selling, general and administrative                                 | 35                                  | 226             | (191)             | (85)%        | 292                                | 529             | (237)             | (45)%        |
| Total Merger-related costs  | <u>\$ 152</u>                       | <u>\$ 1,296</u> | <u>\$ (1,144)</u> | <u>(88)%</u> | <u>\$ 786</u>                      | <u>\$ 4,377</u> | <u>\$ (3,591)</u> | <u>(82)%</u> |
| Net cash payments for Merger-related costs                          | \$ 345                              | \$ 942          | \$ (597)          | (63)%        | \$ 1,557                           | \$ 2,742        | \$ (1,185)        | (43)%        |

We expect to incur substantially all of the remaining projected Merger-related costs of approximately \$200 million, excluding capital expenditures, by the end of 2023, with the cash expenditure for the Merger-related costs extending beyond 2023.

### Anticipated Merger Synergies

As a result of our ongoing restructuring and integration activities, we have realized Merger synergies by eliminating redundancies within our combined network as well as other business processes and operations. For full-year 2023, we expect Merger synergies from Selling, general and administrative expense reductions of approximately \$2.7 billion, Cost of service expense reductions of approximately \$3.2 billion and avoided network expenses of approximately \$1.6 billion.

### 2023 Workforce Reduction

In August 2023, we began implementing an initiative to reduce the size of our workforce by approximately 5,000 positions, just under 7% of our total employee base, primarily in corporate and back-office functions, and some technology roles. We expect a decrease in operating expenses in 2024 driven by reduced personnel costs.

For more information regarding our restructuring activities, see [Note 14—Restructuring Costs](#) of the Notes to the Condensed Consolidated Financial Statements.

### Wireline

On September 6, 2022, we entered into the Wireline Sale Agreement to sell the Wireline Business for a total purchase price of \$1 and the payments totaling \$700 million under the IP transit services agreement. On May 1, 2023, pursuant to the Wireline Sale Agreement, upon the terms and subject to the conditions thereof, we completed the Wireline Transaction.



For more information regarding the Wireline Sale Agreement, see [Note 11 – Wireline](#) of the Notes to the Condensed Consolidated Financial Statements.

### **Acquisition of Ka’ena Corporation**

On March 9, 2023, we entered into a Merger and Unit Purchase Agreement for the acquisition of 100% of the outstanding equity of Ka’ena Corporation and its subsidiaries including, among others, Mint Mobile LLC, for a maximum purchase price of \$1.35 billion to be paid out 39% in cash and 61% in shares of T-Mobile common stock. The purchase price is variable dependent upon specified performance indicators of Ka’ena Corporation during certain periods before and after closing and consists of an upfront payment at closing of the transaction, subject to certain agreed-upon adjustments, and a variable earnout payable 24 months after closing of the transaction. Our estimate of the upfront payment is subject to Ka’ena Corporation’s underlying business performance and the timing of transaction close, and has been updated to \$1.2 billion, before working capital adjustments. The acquisition is subject to certain customary closing conditions, including certain regulatory approvals, and is expected to close by the end of the first quarter of 2024.

Ka’ena Corporation is currently one of our wholesale partners, offering wireless telecommunications services to customers leveraging our network. Upon closing of the transactions, we expect to recognize customers of Ka’ena Corporation as prepaid customers and expect to see an increase in Prepaid revenues, partially offset by a decrease in Wholesale revenues.

### **Recent Cyberattacks**

In August 2021, we were subject to a criminal cyberattack involving unauthorized access to T-Mobile’s systems. As a result of the attack, we are subject to numerous arbitration demands and lawsuits, including class action lawsuits, and regulatory inquiries as described in [Note 13 – Commitments and Contingencies](#) of the Notes to the Condensed Consolidated Financial Statements.

During the nine months ended September 30, 2023, we recognized \$50 million in reimbursements from insurance carriers for costs incurred related to the August 2021 cyberattack. We are pursuing additional reimbursements from insurance carriers for costs incurred related to the August 2021 cyberattack.

In January 2023, we disclosed that a bad actor was obtaining data through a single Application Programming Interface (“API”) without authorization. Based on our investigation, the impacted API is only able to provide a limited set of customer account data, including name, billing address, email, phone number, date of birth, T-Mobile account number and information such as the number of lines on the account and plan features. The result from our investigation indicates that the bad actor(s) obtained data from this API for approximately 37 million current postpaid and prepaid customer accounts, though many of these accounts did not include the full data set. We believe that the bad actor first retrieved data through the impacted API starting on or around November 25, 2022. We have notified individuals whose information was impacted consistent with state and federal requirements.

We will continue to respond to litigation and regulatory inquiries in connection with this incident and may incur significant expenses. However, we cannot predict the timing or outcome of any of these potential matters, or whether we may be subject to regulatory inquiries, investigations, or enforcement actions. In addition, we are unable to predict the full impact of this incident on customer behavior in the future, including whether a change in our customers’ behavior could negatively impact our results of operations on an ongoing basis, although we presently do not expect that it will have a material effect on our operations.

In response to the recent cyberattacks and increasing cybersecurity threats, we have significantly increased our focus on enhancing our cybersecurity practices with a substantial multi-year investment. In the second quarter of 2023, we have hired new security leadership, and implemented significant technology improvements to our cybersecurity controls. Those improvements include additional authentication measures and internal systems limitations and restrictions. In addition, we have enhanced our cybersecurity awareness program, including rolling out new training for all employees. While we have made progress to date, we plan to continue to make substantial investments to strengthen our cybersecurity program in future periods.

## Results of Operations

Set forth below is a summary of our consolidated financial results:

| (in millions)  | Three Months Ended<br>September 30, |           | Change   |        | Nine Months Ended<br>September 30, |           | Change   |        |
|--|-------------------------------------|-----------|----------|--------|------------------------------------|-----------|----------|--------|
|  | 2023                                | 2022      | \$       | %      | 2023                               | 2022      | \$       | %      |
| <b>Revenues</b>  |                                     |           |          |        |                                    |           |          |        |
| Postpaid revenues  | \$ 12,288                           | \$ 11,548 | \$ 740   | 6 %    | \$ 36,220                          | \$ 34,194 | \$ 2,026 | 6 %    |
| Prepaid revenues   | 2,473                               | 2,484     | (11)     | —%     | 7,334                              | 7,408     | (74)     | (1)%   |
| Wholesale and other service revenues   | 1,153                               | 1,329     | (176)    | (13)%  | 3,644                              | 4,203     | (559)    | (13)%  |
| Total service revenues   | 15,914                              | 15,361    | 553      | 4 %    | 47,198                             | 45,805    | 1,393    | 3 %    |
| Equipment revenues   | 3,076                               | 3,855     | (779)    | (20)%  | 9,964                              | 12,679    | (2,715)  | (21)%  |
| Other revenues   | 262                                 | 261       | 1        | —%     | 918                                | 814       | 104      | 13 %   |
| Total revenues   | 19,252                              | 19,477    | (225)    | (1)%   | 58,080                             | 59,298    | (1,218)  | (2)%   |
| <b>Operating expenses</b>  |                                     |           |          |        |                                    |           |          |        |
| Cost of services, exclusive of depreciation and amortization shown separately below        | 2,886                               | 3,712     | (826)    | (22)%  | 8,863                              | 11,499    | (2,636)  | (23)%  |
| Cost of equipment sales, exclusive of depreciation and amortization shown separately below | 4,249                               | 4,982     | (733)    | (15)%  | 12,925                             | 16,036    | (3,111)  | (19)%  |
| Selling, general and administrative  | 5,334                               | 5,118     | 216      | 4 %    | 16,031                             | 16,030    | 1        | —%     |
| Impairment expense   | —                                   | —         | —        | NM     | —                                  | 477       | (477)    | (100)% |
| Loss (gain) on disposal group held for sale  | —                                   | 1,071     | (1,071)  | (100)% | (25)                               | 1,071     | (1,096)  | (102)% |
| Depreciation and amortization  | 3,187                               | 3,313     | (126)    | (4)%   | 9,500                              | 10,389    | (889)    | (9)%   |
| Total operating expenses   | 15,656                              | 18,196    | (2,540)  | (14)%  | 47,294                             | 55,502    | (8,208)  | (15)%  |
| Operating income   | 3,596                               | 1,281     | 2,315    | 181 %  | 10,786                             | 3,796     | 6,990    | 184 %  |
| Other expense, net   |                                     |           |          |        |                                    |           |          |        |
| Interest expense, net  | (790)                               | (827)     | 37       | (4)%   | (2,486)                            | (2,542)   | 56       | (2)%   |
| Other income (expense), net  | 41                                  | (3)       | 44       | NM     | 56                                 | (35)      | 91       | (260)% |
| Total other expense, net   | (749)                               | (830)     | 81       | (10)%  | (2,430)                            | (2,577)   | 147      | (6)%   |
| Income before income taxes   | 2,847                               | 451       | 2,396    | 531 %  | 8,356                              | 1,219     | 7,137    | 585 %  |
| Income tax (expense) benefit   | (705)                               | 57        | (762)    | NM     | (2,053)                            | (106)     | (1,947)  | NM     |
| Net income   | \$ 2,142                            | \$ 508    | \$ 1,634 | 322 %  | \$ 6,303                           | \$ 1,113  | \$ 5,190 | 466 %  |
| <b>Statement of Cash Flows Data</b>  |                                     |           |          |        |                                    |           |          |        |
| Net cash provided by operating activities  | \$ 5,294                            | \$ 4,391  | \$ 903   | 21 %   | \$ 13,700                          | \$ 12,445 | \$ 1,255 | 10 %   |
| Net cash used in investing activities  | (1,393)                             | (2,555)   | 1,162    | (45)%  | (4,608)                            | (10,206)  | 5,598    | (55)%  |
| Net cash (used in) provided by financing activities  | (5,510)                             | 1,927     | (7,437)  | (386)% | (8,567)                            | (1,953)   | (6,614)  | 339 %  |
| <b>Non-GAAP Financial Measures</b>   |                                     |           |          |        |                                    |           |          |        |
| Adjusted EBITDA  | \$ 7,600                            | \$ 7,039  | \$ 561   | 8 %    | \$ 22,204                          | \$ 20,993 | \$ 1,211 | 6 %    |
| Core Adjusted EBITDA   | 7,547                               | 6,728     | 819      | 12 %   | 21,935                             | 19,809    | 2,126    | 11 %   |
| Adjusted Free Cash Flow  | 4,003                               | 2,065     | 1,938    | 94 %   | 9,281                              | 5,472     | 3,809    | 70 %   |

NM - Not Meaningful

*The following discussion and analysis is for the three and nine months ended September 30, 2023, compared to the same period in 2022 unless otherwise stated.*

**Total revenues** decreased \$225 million, or 1%, for the three months ended and decreased \$1.2 billion, or 2%, for the nine months ended September 30, 2023. The components of these changes are discussed below.

**Postpaid revenues** increased \$740 million, or 6%, for the three months ended and increased \$2.0 billion, or 6%, for the nine months ended September 30, 2023, primarily from:

- Higher average postpaid accounts; and
- Higher postpaid ARPA. See “Postpaid ARPA” in the “[Performance Measures](#)” section of this MD&A.

**Prepaid revenues** were relatively flat for the three months ended and decreased slightly for the nine months ended September 30, 2023, primarily from:

- Lower prepaid ARPU. See “Prepaid ARPU” in the “[Performance Measures](#)” section of this MD&A; mostly offset by
- Higher average prepaid customers.

**Wholesale and other service revenues** decreased \$176 million, or 13%, for the three months ended and decreased \$559 million, or 13%, for the nine months ended September 30, 2023.

The decrease for the three months ended September 30, 2023, was primarily from:

- Lower Wireline revenues due to the sale of the Wireline Business on May 1, 2023. See [Note 11 – Wireline](#) of the Notes to the Condensed Consolidated Financial Statements for additional information; and
- Lower MVNO revenues.

The decrease for the nine months ended September 30, 2023, was primarily from:

- Lower MVNO revenues; and
- Lower Wireline revenues due to the sale of the Wireline Business on May 1, 2023. See [Note 11 – Wireline](#) of the Notes to the Condensed Consolidated Financial Statements for additional information.

**Equipment revenues** decreased \$779 million, or 20%, for the three months ended and decreased \$2.7 billion, or 21%, for the nine months ended September 30, 2023.

The decrease for the three months ended September 30, 2023, was primarily from:

- A decrease of \$486 million in device sales revenue, excluding purchased leased devices, primarily from:
  - A decrease in the number of devices sold, primarily due to lower postpaid upgrades and prepaid sales driven by longer device lifecycles, as well as higher postpaid upgrades in the prior year period related to facilitating the migration of Sprint customers to the T-Mobile network;
- A decrease of \$258 million in lease revenues, primarily due to a lower number of customer devices under lease as a result of the continued strategic shift in device financing from leasing to EIP; and
- A decrease of \$74 million in accessory revenue, primarily due to a decrease in the number of associated devices sold.

The decrease for the nine months ended September 30, 2023, was primarily from:

- A decrease of \$1.3 billion in device sales revenue, excluding purchased leased devices, primarily from:
  - A decrease in the number of devices sold, primarily driven by higher postpaid upgrades in the prior year period related to facilitating the migration of Sprint customers to the T-Mobile network, as well as longer device lifecycles, and lower prepaid sales; partially offset by
  - Slightly higher average revenue per device sold, primarily driven by higher promotions in the prior year period, which included promotions for Sprint customers to facilitate the migration to the T-Mobile network, partially offset by a decrease in the high-end phone mix;

- A decrease of \$915 million in lease revenues and a decrease of \$180 million in customer purchases of leased devices, primarily due to a lower number of customer devices under lease as a result of the continued strategic shift in device financing from leasing to EIP; and
- A decrease of \$228 million in accessory revenue, primarily due to a decrease in the number of associated devices sold.

**Other revenues** were relatively flat for the three months ended and increased \$104 million, or 13%, for the nine months ended September 30, 2023.

The increase for the nine months ended September 30, 2023, was primarily from:

- Higher interest income driven by higher imputed interest rates on EIP, which is recognized over the device financing term; and
- Higher revenue from our device recovery program.

**Total operating expenses** decreased \$2.5 billion, or 14%, for the three months ended and decreased \$8.2 billion, or 15%, for the nine months ended September 30, 2023. The components of this change are discussed below.

**Cost of services**, exclusive of depreciation and amortization, decreased \$826 million, or 22%, for the three months ended and decreased \$2.6 billion, or 23%, for the nine months ended September 30, 2023.

The decrease for the three months ended September 30, 2023, was primarily from:

- A decrease of \$692 million in Merger-related costs related to network decommissioning and integration as the majority of our decommissioning efforts were completed in 2022;
- Lower costs due to the sale of the Wireline Business on May 1, 2023. See [Note 11 - Wireline](#) of the Notes to the Condensed Consolidated Financial Statements for additional information; and
- Higher realized Merger synergies; partially offset by
- \$140 million of severance and related costs associated with the August 2023 workforce reduction; and
- Higher site costs related to the continued build-out of our nationwide 5G network.

The decrease for the nine months ended September 30, 2023, was primarily from:

- A decrease of \$1.9 billion in Merger-related costs related to network decommissioning and integration as the majority of our decommissioning efforts were completed in 2022;
- Higher realized Merger synergies; and
- Lower costs due to the sale of the Wireline Business on May 1, 2023. See [Note 11 - Wireline](#) of the Notes to the Condensed Consolidated Financial Statements for additional information; partially offset by
- \$140 million of severance and related costs associated with the August 2023 workforce reduction; and
- Higher site costs related to the continued build-out of our nationwide 5G network.

**Cost of equipment sales**, exclusive of depreciation and amortization, decreased \$733 million, or 15%, for the three months ended and decreased \$3.1 billion, or 19%, for the nine months ended September 30, 2023.

The decrease for the three months ended September 30, 2023, was primarily from:

- A decrease of \$638 million in device cost of equipment sales, excluding purchased leased devices, primarily from:
  - A decrease in the number of devices sold, primarily due to lower postpaid upgrades and prepaid sales driven by longer device lifecycles, as well as higher postpaid upgrades in the prior year period related to facilitating the migration of Sprint customers to the T-Mobile network; and
- A decrease of \$41 million in accessory costs, primarily due to a decrease in the number of associated devices sold.
- Cost of equipment sales for the three months ended September 30, 2023, included \$3 million of Merger-related recoveries, compared to \$258 million of Merger-related costs for the three months ended September 30, 2022.

The decrease for the nine months ended September 30, 2023, was primarily from:

- A decrease of \$2.8 billion in device cost of equipment sales, excluding purchased leased devices, primarily from
  - A decrease in the number of devices sold, primarily driven by higher postpaid upgrades in the prior year period related to facilitating the migration of Sprint customers to the T-Mobile network, as well as longer device lifecycles, and lower prepaid sales; and
  - Slightly lower average cost per device sold driven by a decrease in the high-end phone mix.
- A decrease of \$101 million in accessory costs, primarily due to a decrease in the number of associated devices sold.
- Cost of equipment sales for the nine months ended September 30, 2023, included \$12 million of Merger-related recoveries, compared to \$1.5 billion of Merger-related costs for the nine months ended September 30, 2022.

**Selling, general and administrative** expenses increased \$216 million, or 4%, for the three months ended and was relatively flat for the nine months ended September 30, 2023.

The increase for the three months ended September 30, 2023, was primarily from:

- \$331 million of severance and related costs associated with the August 2023 workforce reduction;
- Gains from the sale of certain IP addresses held by the Wireline Business of \$121 million recognized during the three months ended September 30, 2022; partially offset by
- Lower Merger-related costs and higher realized Merger synergies; and
- Lower costs related to outsourced functions.
- Selling, general and administrative expenses for the three months ended September 30, 2023, included \$35 million of Merger-related costs, which were net of legal settlement gains of \$69 million, compared to \$226 million of Merger-related costs for the three months ended September 30, 2022.

The slight increase for the nine months ended September 30, 2023, was primarily from:

- \$331 million of severance and related costs associated with the August 2023 workforce reduction;
- Higher commission amortization expense;
- Higher advertising expense; and
- Gains from the sale of certain IP addresses held by the Wireline Business of \$121 million recognized during the three months ended September 30, 2022; offset by
- Lower Merger-related costs and higher realized Merger synergies;
- Lower legal-related expenses, including \$400 million recognized in June 2022 associated with the settlement of certain litigation resulting from the August 2021 cyberattack; and
- Lower bad debt expense.
- Selling, general and administrative expenses for the nine months ended September 30, 2023, included \$292 million of Merger-related costs, which were net of legal settlement gains of \$134 million, compared to \$529 million of Merger-related costs for the nine months ended September 30, 2022, which were net of legal settlement gains of \$220 million.

**Impairment expense** was \$477 million for the nine months ended September 30, 2022, due to the non-cash impairment of certain Wireline Property and equipment, Operating lease right-of-use assets and Other intangible assets. There was no impairment expense for the three and nine months ended September 30, 2023 and the three months ended September 30, 2022.

**Loss (gain) on disposal group held for sale** was a gain of \$25 million for the nine months ended September 30, 2023 and a loss of \$1.1 billion for the three and nine months ended September 30, 2022. See [Note 11 - Wireline](#) of the Notes to the Condensed Consolidated Financial Statements for additional information. There was no gain or loss on disposal group held for sale for the three months ended September 30, 2023.

**Depreciation and amortization** decreased \$126 million, or 4%, for the three months ended and decreased \$889 million, or 9%, for the nine months ended September 30, 2023.

The decrease for the three and nine months ended September 30, 2023, was primarily from:

- Lower depreciation expense on leased devices, resulting from a lower number of total customer devices under lease; and
- Certain 4G-related network assets becoming fully depreciated, including assets impacted by the decommissioning of the legacy Sprint CDMA and LTE networks in 2022; partially offset by
- Higher depreciation expense, excluding leased devices, from the continued build-out of our nationwide 5G network; and
- Higher amortization of capitalized software driven by increased in-service internally developed and purchased software.

**Operating income**, the components of which are discussed above, increased \$2.3 billion, or 181%, for the three months ended and increased \$7.0 billion, or 184%, for the nine months ended September 30, 2023.

**Interest expense, net** decreased \$37 million, or 4%, for the three months ended and decreased \$56 million, or 2%, for the nine months ended September 30, 2023, primarily from:

- Higher interest income, primarily due to higher average interest rates on short-term cash equivalents; and
- Higher capitalized interest, primarily driven by deployment activities associated with our C-band spectrum licenses; partially offset by
- Higher interest expense, primarily due to higher average debt outstanding and a higher average effective interest rate.

**Other income (expense), net** was insignificant for all periods.

**Income before income taxes**, the components of which are discussed above, was \$2.8 billion and \$451 million for the three months ended September 30, 2023 and 2022, respectively, and was \$8.4 billion and \$1.2 billion for the nine months ended September 30, 2023 and 2022, respectively.

**Income tax expense** increased \$762 million for the three months ended and increased \$1.9 billion for the nine months ended September 30, 2023, primarily from:

- Higher income before income taxes; and
- Tax benefits recognized during the three months ended September 30, 2022, associated with certain entity restructuring, that did not impact 2023.

Our effective tax rate was 24.8% and (12.4)% for the three months ended September 30, 2023 and 2022, respectively, and 24.6% and 8.7% for the nine months ended September 30, 2023 and 2022, respectively.

**Net income**, the components of which are discussed above, was \$2.1 billion and \$508 million for the three months ended September 30, 2023 and 2022, respectively, and was \$6.3 billion and \$1.1 billion for the nine months ended September 30, 2023 and 2022, respectively. Net income included:

- Merger-related costs, net of tax, of \$114 million and \$589 million for the three and nine months ended September 30, 2023, respectively, compared to \$972 million and \$3.3 billion for the three and nine months ended September 30, 2022, respectively.
- Gain on disposal group held for sale of \$19 million, net of tax, for the nine months ended September 30, 2023, compared to a loss on disposal group held for sale of \$803 million, net of tax, for the three and nine months ended September 30, 2022. There was no gain or loss on disposal group held for sale for the three months ended September 30, 2023.
- Impairment expense of \$358 million, net of tax, for the nine months ended September 30, 2022, compared to no impairment expense for the three and nine months ended September 30, 2023 and the three months ended September 30, 2022.

- Severance and related costs associated with the August 2023 workforce reduction of \$353 million, net of tax, for the three and nine months ended September 30, 2023.
- Legal-related recoveries, net, associated with the settlement of certain litigation resulting from the August 2021 cyberattack, of \$32 million for the nine months ended September 30, 2023, compared to \$14 million in Legal-related recoveries, net, and \$286 million in Legal-related expenses, net, for the three and nine months ended September 30, 2022, respectively. There was no Legal-related expenses or recoveries for the three months ended September 30, 2023, associated with the August 2021 cyberattack.

### Guarantor Financial Information

Pursuant to the applicable indentures and supplemental indentures, the Senior Notes to affiliates and third parties issued by T-Mobile USA, Inc., Sprint and Sprint Capital Corporation (collectively, the “Issuers”) are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by T-Mobile (“Parent”) and certain of Parent’s 100% owned subsidiaries (“Guarantor Subsidiaries”).

The guarantees of the Guarantor Subsidiaries are subject to release in limited circumstances only upon the occurrence of certain customary conditions. Generally, the guarantees of the Guarantor Subsidiaries with respect to the Senior Notes issued by T-Mobile USA, Inc. (other than \$3.5 billion in principal amount of Senior Notes issued in 2017 and 2018) and the credit agreement entered into by T-Mobile USA, Inc. will be automatically and unconditionally released if, immediately following such release and any concurrent releases of other guarantees, the aggregate principal amount of indebtedness of non-guarantor subsidiaries (other than certain specified subsidiaries) would not exceed \$2.0 billion. The indentures, supplemental indentures and credit agreements governing the long-term debt contain covenants that, among other things, limit the ability of the Issuers or borrowers and the Guarantor Subsidiaries to incur more debt, create liens or other encumbrances, and merge, consolidate or sell, or otherwise dispose of, substantially all of their assets.

### Basis of Presentation

The following tables include summarized financial information of the obligor groups of debt issued by T-Mobile USA, Inc., Sprint and Sprint Capital Corporation. The summarized financial information of each obligor group is presented on a combined basis with balances and transactions within the obligor group eliminated. Investments in and the equity in earnings of non-guarantor subsidiaries, which would otherwise be consolidated in accordance with GAAP, are excluded from the below summarized financial information pursuant to SEC Regulation S-X Rule 13-01.

The summarized balance sheet information for the consolidated obligor group of debt issued by T-Mobile USA, Inc. is presented in the table below:

| (in millions)          | September 30, 2023 | December 31, 2022 |
|------------------------|--------------------|-------------------|
| Current assets         | \$ 17,290          | \$ 17,661         |
| Noncurrent assets      | 179,445            | 181,673           |
| Current liabilities    | 20,005             | 23,146            |
| Noncurrent liabilities | 127,546            | 120,385           |
| Due to non-guarantors  | 10,556             | 9,325             |
| Due to related parties | 1,535              | 1,571             |

The summarized results of operations information for the consolidated obligor group of debt issued by T-Mobile USA, Inc. is presented in the table below:

| (in millions)                        | Nine Months Ended September 30, 2023 | Year Ended December 31, 2022 |
|--------------------------------------|--------------------------------------|------------------------------|
| Total revenues                       | \$ 56,109                            | \$ 77,054                    |
| Operating income                     | 8,107                                | 2,985                        |
| Net income (loss)                    | 3,645                                | (572)                        |
| Revenue from non-guarantors          | 1,792                                | 2,427                        |
| Operating expenses to non-guarantors | 1,942                                | 2,659                        |
| Other expense to non-guarantors      | (513)                                | (327)                        |

The summarized balance sheet information for the consolidated obligor group of debt issued by Sprint is presented in the table below:

| (in millions)          | September 30, 2023 | December 31, 2022 |
|------------------------|--------------------|-------------------|
| Current assets         | \$ 10,861          | \$ 9,319          |
| Noncurrent assets      | 11,406             | 11,271            |
| Current liabilities    | 12,594             | 15,854            |
| Noncurrent liabilities | 106,703            | 65,118            |
| Due to non-guarantors  | 38,296             | 3,930             |
| Due to related parties | 1,535              | 1,571             |

The summarized results of operations information for the consolidated obligor group of debt issued by Sprint is presented in the table below:

| (in millions)   | Nine Months Ended<br>September 30, 2023 | Year Ended<br>December 31, 2022 |
|---|---|---------------------------------|
| Total revenues  | \$ 14                                   | \$ 7                            |
| Operating loss  | (2,324)                                 | (3,479)                         |
| Net (loss) income <sup>(1)</sup>                      | (5,448)                                 | 2,471                           |
| Other (expense) income, net, (to) from non-guarantors | (1,460)                                 | 525                             |

(1) Net income for the year ended December 31, 2022, includes tax benefits recognized associated with certain entity restructuring.

The summarized balance sheet information for the consolidated obligor group of debt issued by Sprint Capital Corporation is presented in the table below:

| (in millions)           | September 30, 2023 | December 31, 2022 |
|-------------------------|--------------------|-------------------|
| Current assets          | \$ 10,861          | \$ 9,320          |
| Noncurrent assets       | 11,406             | 16,337            |
| Current liabilities     | 12,665             | 15,926            |
| Noncurrent liabilities  | 102,952            | 66,516            |
| Due to non-guarantors   | 29,225             | —                 |
| Due from non-guarantors | —                  | 5,066             |
| Due to related parties  | 1,535              | 1,571             |

The summarized results of operations information for the consolidated obligor group of debt issued by Sprint Capital Corporation is presented in the table below:

| (in millions)   | Nine Months Ended<br>September 30, 2023 | Year Ended<br>December 31, 2022 |
|---|---|---------------------------------|
| Total revenues  | \$ 14                                   | \$ 7                            |
| Operating loss  | (2,324)                                 | (3,479)                         |
| Net (loss) income <sup>(1)</sup>                      | (5,365)                                 | 2,604                           |
| Other (expense) income, net, (to) from non-guarantors | (1,075)                                 | 941                             |

(1) Net income for the year ended December 31, 2022, includes tax benefits recognized associated with certain entity restructuring.

## Performance Measures

In managing our business and assessing financial performance, we supplement the information provided by our condensed consolidated financial statements with other operating or statistical data and non-GAAP financial measures. These operating and financial measures are utilized by our management to evaluate our operating performance and, in certain cases, our ability to meet liquidity requirements. Although companies in the wireless industry may not define each of these measures in precisely the same way, we believe that these measures facilitate comparisons with other companies in the wireless industry on key operating and financial measures.



## Postpaid Accounts

A postpaid account is generally defined as a billing account number that generates revenue. Postpaid accounts generally consist of customers that are qualified for postpaid service utilizing phones, High Speed Internet, mobile internet devices, including tablets and hotspots, wearables, DIGITS or other connected devices, including SyncUP and IoT, where they generally pay after receiving service.

The following table sets forth the number of ending postpaid accounts:

| (in thousands)                   | As of September 30, |        | Change |     |
|----------------------------------|---------------------|--------|--------|-----|
|                                  | 2023                | 2022   | #      | %   |
| Postpaid accounts <sup>(1)</sup> | 29,498              | 28,212 | 1,286  | 5 % |

(1) Customers impacted by the decommissioning of the legacy Sprint CDMA and LTE and T-Mobile UMTS networks have been excluded from our postpaid account base resulting in the removal of 57,000 postpaid accounts in the first quarter of 2022 and 69,000 postpaid accounts in the second quarter of 2022.

## Postpaid Net Account Additions

The following table sets forth the number of postpaid net account additions:

| (in thousands)                 | Three Months Ended September 30, |      | Change |      | Nine Months Ended September 30, |       | Change |       |
|--------------------------------|----------------------------------|------|--------|------|---------------------------------|-------|--------|-------|
|                                | 2023                             | 2022 | #      | %    | 2023                            | 2022  | #      | %     |
| Postpaid net account additions | 386                              | 394  | (8)    | (2)% | 972                             | 1,122 | (150)  | (13)% |

Postpaid net account additions decreased 8,000, or 2%, for the three months ended and decreased 150,000, or 13%, for the nine months ended September 30, 2023.

The decrease for the three months ended September 30, 2023, was primarily from fewer High Speed Internet only net account additions.

The decrease for the nine months ended September 30, 2023, was primarily from:

- Continued moderation of industry growth; and
- Fewer High Speed Internet only net account additions.

## Customers

A customer is generally defined as 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, 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.

The following table sets forth the number of ending customers:

| (in thousands)                          | As of September 30, |         | Change |        |
|---|---------------------|---------|--------|--------|
|   | 2023                | 2022    | #      | %      |
| <b>Customers, end of period</b>         |                     |         |        |        |
| Postpaid phone customers <sup>(1)</sup> | 74,982              | 71,907  | 3,075  | 4 %    |
| Postpaid other customers <sup>(1)</sup> | 21,330              | 18,507  | 2,823  | 15 %   |
| Total postpaid customers                | 96,312              | 90,414  | 5,898  | 7 %    |
| Prepaid customers <sup>(1)</sup>        | 21,595              | 21,341  | 254    | 1 %    |
| Total customers                         | 117,907             | 111,755 | 6,152  | 6 %    |
| Adjustments to customers <sup>(1)</sup> | —                   | (1,878) | 1,878  | (100)% |

(1) Customers impacted by the decommissioning of the legacy Sprint CDMA and LTE and T-Mobile UMTS networks have been excluded from our customer base resulting in the removal of 212,000 postpaid phone customers and 349,000 postpaid other customers in the first quarter of 2022 and 284,000 postpaid phone customers, 946,000 postpaid other customers and 28,000 prepaid customers in the second quarter of 2022. In connection with our acquisition of companies, we included a base adjustment in the first quarter of 2022 to increase postpaid phone customers by 17,000 and reduce postpaid other customers by 14,000. Certain customers now serviced through reseller contracts were removed from our reported postpaid customer base resulting in the removal of 42,000 postpaid phone customers and 20,000 postpaid other customers in the second quarter of 2022.

High Speed Internet customers included in Postpaid other customers were 3,807,000 and 1,960,000 as of September 30, 2023 and 2022, respectively. High Speed Internet customers included in Prepaid customers were 428,000 and 162,000 as of September 30, 2023 and 2022, respectively.

### Net Customer Additions

The following table sets forth the number of net customer additions:

| (in thousands)                | Three Months Ended<br>September 30, |       | Change |       | Nine Months Ended<br>September 30, |         | Change |        |
|-------------------------------|-------------------------------------|-------|--------|-------|------------------------------------|---------|--------|--------|
|                               | 2023                                | 2022  | #      | %     | 2023                               | 2022    | #      | %      |
| <b>Net customer additions</b> |                                     |       |        |       |                                    |         |        |        |
| Postpaid phone customers      | 850                                 | 854   | (4)    | —%    | 2,148                              | 2,166   | (18)   | (1)%   |
| Postpaid other customers      | 376                                 | 773   | (397)  | (51)% | 1,932                              | 2,435   | (503)  | (21)%  |
| Total postpaid customers      | 1,226                               | 1,627 | (401)  | (25)% | 4,080                              | 4,601   | (521)  | (11)%  |
| Prepaid customers             | 79                                  | 105   | (26)   | (25)% | 229                                | 313     | (84)   | (27)%  |
| Total net customer additions  | 1,305                               | 1,732 | (427)  | (25)% | 4,309                              | 4,914   | (605)  | (12)%  |
| Adjustments to customers      | —                                   | —     | —      | NM    | —                                  | (1,878) | 1,878  | (100)% |

NM - Not meaningful

Total net customer additions decreased 427,000, or 25%, for the three months ended and decreased 605,000, or 12%, for the nine months ended September 30, 2023.

The decrease for the three months ended September 30, 2023, was primarily from:

- Lower postpaid other net customer additions, primarily due to deactivations from mobile internet devices in the educational sector that were originally activated during the COVID-19 pandemic (“Pandemic”) and no longer needed; and
- Lower prepaid net customer additions, primarily due to continued moderation of industry growth and fewer High Speed Internet net additions, partially offset by lower churn.
- Postpaid phone net customer additions were relatively flat, primarily due to increased deactivations from a growing customer base despite slightly lower churn, offset by higher gross additions.
- High Speed Internet net customer additions included in postpaid other net customer additions were 505,000 and 488,000 for the three months ended September 30, 2023 and 2022, respectively. High Speed Internet net customer additions included in prepaid net customer additions were 52,000 and 90,000 for the three months ended September 30, 2023 and 2022, respectively.

The decrease for the nine months ended September 30, 2023, was primarily from:

- Lower postpaid other net customer additions, primarily due to
  - Deactivations from mobile internet devices in the educational sector that were originally activated during the Pandemic and no longer needed; and
  - Lower net additions from other connected devices; partially offset by
  - Higher High Speed Internet net customer additions, primarily due to continued growth in gross additions driven by increasing customer demand, partially offset by increased deactivations from a growing customer base; and
- Lower prepaid net customer additions, primarily due to continued moderation of industry growth and continued industry migration of prepaid to postpaid, partially offset by growth in High Speed Internet; and
- Slightly lower postpaid phone net customer additions, primarily due to increased deactivations from a growing customer base despite slightly lower churn, mostly offset by higher gross additions.
- High Speed Internet net customer additions included in postpaid other net customer additions were 1,397,000 and 1,314,000 for the nine months ended September 30, 2023 and 2022, respectively. High Speed Internet net customer additions included in prepaid net customer additions were 192,000 and 162,000 for the nine months ended September 30, 2023 and 2022, respectively.

## Churn

Churn represents the number of customers whose service was disconnected 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 disconnected is presented net of customers that subsequently had their service restored within a certain period of time and excludes customers who received service for less than a certain minimum period of time. We believe that churn provides management, investors and analysts with useful information to evaluate customer retention and loyalty.

The following table sets forth the churn:

|                      | Three Months Ended<br>September 30, |        | Change | Nine Months Ended<br>September 30, |        | Change |
|----------------------|-------------------------------------|--------|--------|------------------------------------|--------|--------|
|                      | 2023                                | 2022   |        | 2023                               | 2022   |        |
| Postpaid phone churn | 0.87 %                              | 0.88 % | -1 bps | 0.84 %                             | 0.87 % | -3 bps |
| Prepaid churn        | 2.81 %                              | 2.88 % | -7 bps | 2.73 %                             | 2.71 % | 2 bps  |

Postpaid phone churn decreased 1 basis point for the three months ended and decreased 3 basis points for the nine months ended September 30, 2023, primarily from improved customer retention driven by a differentiated value proposition and network experience.

Prepaid churn decreased 7 basis points for the three months ended and increased 2 basis points for the nine months ended September 30, 2023.

The decrease for the three months ended September 30, 2023, was primarily from improved customer retention.

The increase for the nine months ended September 30, 2023, was primarily from continued industry migration of prepaid to postpaid.

## Postpaid Average Revenue Per Account

Postpaid Average Revenue per Account ("ARPA") represents the average monthly postpaid service revenue earned per account. Postpaid ARPA is calculated as Postpaid 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. We believe postpaid ARPA provides management, investors and analysts with useful information to assess and evaluate our postpaid service revenue realization and assist in forecasting our future postpaid service revenues on a per account basis. We consider postpaid ARPA to be indicative of our revenue growth potential given the increase in the average number of postpaid phone customers per account and increases in postpaid other customers, including High Speed Internet, mobile internet devices, including tablets and hotspots, wearables, DIGITS or other connected devices, including SyncUP and IoT.

The following table sets forth our operating measure ARPA:

| (in dollars)  | Three Months Ended<br>September 30, |           | Change  |     | Nine Months Ended<br>September 30, |           | Change  |     |
|---------------|-------------------------------------|-----------|---------|-----|------------------------------------|-----------|---------|-----|
|               | 2023                                | 2022      | \$      | %   | 2023                               | 2022      | \$      | %   |
| Postpaid ARPA | \$ 139.83                           | \$ 137.49 | \$ 2.34 | 2 % | \$ 138.94                          | \$ 137.32 | \$ 1.62 | 1 % |

Postpaid ARPA increased \$2.34, or 2%, for the three months ended and increased \$1.62, or 1%, for the nine months ended September 30, 2023.

The increase for the three months ended September 30, 2023, was primarily from:

- An increase in customers per account, including growth in business and continued adoption of High Speed Internet; and
- Higher premium services, primarily high-end rate plans, net of contra-revenue for content included in such plans and discounts for specific affinity groups, such as 55+, Military and First Responder; partially offset by
- Increased promotional activity; and
- An increase in High Speed Internet only accounts.

The slight increase for the nine months ended September 30, 2023, was primarily from:

- Higher premium services, primarily high-end rate plans, net of contra-revenue for content included in such plans and discounts for specific affinity groups, such as 55+, Military and First Responder; and
- An increase in customers per account, including growth in business and continued adoption of High Speed Internet; partially offset by
- Increased promotional activity; and
- An increase in High Speed Internet only accounts.

### *Average Revenue Per User*

Average Revenue per User (“ARPU”) represents the average monthly service revenue earned per customer. ARPU is calculated as 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. We believe ARPU provides management, investors and analysts with useful information to assess and evaluate our service revenue per customer and assist in forecasting our future service revenues generated from our customer base. Postpaid phone ARPU excludes postpaid other customers and related revenues, which include High Speed Internet, mobile internet devices, including tablets and hotspots, wearables, DIGITS and other connected devices, including SyncUP and IoT.

The following table sets forth our operating measure ARPU:

| (in dollars)        | Three Months Ended<br>September 30, |          | Change  |      | Nine Months Ended<br>September 30, |          | Change  |      |
|---------------------|-------------------------------------|----------|---------|------|------------------------------------|----------|---------|------|
|                     | 2023                                | 2022     | \$      | %    | 2023                               | 2022     | \$      | %    |
| Postpaid phone ARPU | \$ 48.93                            | \$ 48.89 | \$ 0.04 | —%   | \$ 48.80                           | \$ 48.75 | \$ 0.05 | —%   |
| Prepaid ARPU        | 38.18                               | 38.86    | (0.68)  | (2)% | 38.05                              | 38.92    | (0.87)  | (2)% |

### *Postpaid Phone ARPU*

Postpaid phone ARPU was relatively flat for the three and nine months ended September 30, 2023, primarily from:

- Higher premium services, primarily high-end rate plans, net of contra-revenue for content included in such plans and discounts for specific affinity groups, such as 55+, Military and First Responders; offset by
- Increased promotional activity; and
- Growth in business with lower ARPU given larger account sizes.

### *Prepaid ARPU*

Prepaid ARPU decreased \$0.68, or 2%, for the three months ended and decreased \$0.87, or 2%, for the nine months ended September 30, 2023, primarily from dilution from promotional rate plan mix.

### *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 income and expenses not reflective of our ongoing operating performance. Core Adjusted EBITDA represents Adjusted EBITDA less device lease revenues. Adjusted EBITDA margin represents Adjusted EBITDA divided by Service revenues. Core Adjusted EBITDA margin represents Core Adjusted EBITDA divided by Service revenues.

Adjusted EBITDA, Adjusted EBITDA margin, Core Adjusted EBITDA and Core Adjusted EBITDA margin are non-GAAP financial measures utilized by our management to monitor the financial performance of our operations. We historically used Adjusted EBITDA and we currently use Core Adjusted EBITDA internally as a measure to evaluate and compensate our personnel and management for their performance. We use Adjusted EBITDA and Core Adjusted EBITDA as benchmarks to evaluate our operating performance in comparison to our competitors. Management believes analysts and investors use Adjusted EBITDA and Core 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 our ongoing operating performance and trends by excluding the impact of interest expense from financing, non-cash depreciation and amortization from capital investments, stock-based compensation, Merger-related costs, including network decommissioning

costs, impairment expense, gain on disposal groups held for sale and certain legal-related recoveries and expenses, as well as other special income and expenses, including the August 2023 workforce reduction, which are not reflective of our core business activities. 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 exclusion of the related depreciation expense on leased devices from Adjusted EBITDA. Adjusted EBITDA, Adjusted EBITDA margin, Core Adjusted EBITDA and Core Adjusted EBITDA margin have limitations as analytical tools and should not be considered in isolation or as substitutes for income from operations, net income or any other measure of financial performance reported in accordance with GAAP.

The following table illustrates the calculation of Adjusted EBITDA and Core Adjusted EBITDA and reconciles Adjusted EBITDA and Core Adjusted EBITDA to Net income, which we consider to be the most directly comparable GAAP financial measure:

| (in millions, except percentages)  | Three Months Ended<br>September 30, |          | Change    |        | Nine Months Ended<br>September 30, |           | Change    |        |
|--|-------------------------------------|----------|-----------|--------|------------------------------------|-----------|-----------|--------|
|  | 2023                                | 2022     | \$        | %      | 2023                               | 2022      | \$        | %      |
| Net income   | \$ 2,142                            | \$ 508   | \$ 1,634  | 322 %  | \$ 6,303                           | \$ 1,113  | \$ 5,190  | 466 %  |
| Adjustments:   |                                     |          |           |        |                                    |           |           |        |
| Interest expense, net  | 790                                 | 827      | (37)      | (4)%   | 2,486                              | 2,542     | (56)      | (2)%   |
| Other (income) expense, net  | (41)                                | 3        | (44)      | NM     | (56)                               | 35        | (91)      | (260)% |
| Income tax expense (benefit)   | 705                                 | (57)     | 762       | NM     | 2,053                              | 106       | 1,947     | NM     |
| Operating income   | 3,596                               | 1,281    | 2,315     | 181 %  | 10,786                             | 3,796     | 6,990     | 184 %  |
| Depreciation and amortization  | 3,187                               | 3,313    | (126)     | (4)%   | 9,500                              | 10,389    | (889)     | (9)%   |
| Stock-based compensation <sup>(1)</sup>  | 152                                 | 145      | 7         | 5 %    | 480                                | 430       | 50        | 12 %   |
| Merger-related costs   | 152                                 | 1,296    | (1,144)   | (88)%  | 786                                | 4,377     | (3,591)   | (82)%  |
| Impairment expense   | —                                   | —        | —         | NM     | —                                  | 477       | (477)     | (100)% |
| Legal-related (recoveries) expenses, net <sup>(2)</sup>                        | —                                   | (19)     | 19        | (100)% | (43)                               | 381       | (424)     | (111)% |
| Loss (gain) on disposal group held for sale                                    | —                                   | 1,071    | (1,071)   | (100)% | (25)                               | 1,071     | (1,096)   | (102)% |
| Other, net <sup>(3)</sup>  | 513                                 | (48)     | 561       | NM     | 720                                | 72        | 648       | NM     |
| Adjusted EBITDA  | 7,600                               | 7,039    | 561       | 8 %    | 22,204                             | 20,993    | 1,211     | 6 %    |
| Lease revenues   | (53)                                | (311)    | 258       | (83)%  | (269)                              | (1,184)   | 915       | (77)%  |
| Core Adjusted EBITDA   | \$ 7,547                            | \$ 6,728 | \$ 819    | 12 %   | \$ 21,935                          | \$ 19,809 | \$ 2,126  | 11 %   |
| Net income margin (Net income divided by Service revenues)                     | 13 %                                | 3 %      | 1,000 bps |        | 13 %                               | 2 %       | 1,100 bps |        |
| Adjusted EBITDA margin (Adjusted EBITDA divided by Service revenues)           | 48 %                                | 46 %     | 200 bps   |        | 47 %                               | 46 %      | 100 bps   |        |
| Core Adjusted EBITDA margin (Core Adjusted EBITDA divided by Service revenues) | 47 %                                | 44 %     | 300 bps   |        | 46 %                               | 43 %      | 300 bps   |        |

(1) Stock-based compensation includes payroll tax impacts and may not agree with stock-based compensation expense on the condensed consolidated financial statements. Additionally, certain stock-based compensation expenses associated with the Transactions have been included in Merger-related costs.

(2) 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.

(3) Other, net, primarily consists of certain severance, restructuring and other expenses and income not directly attributable to the Merger which are not reflective of T-Mobile's core business activities ("special items") and are, therefore, excluded from Adjusted EBITDA and Core Adjusted EBITDA. Other, net, for the three and nine months ended September 30, 2023, includes \$471 million of severance and related costs associated with the August 2023 workforce reduction.

NM - Not meaningful

Core Adjusted EBITDA increased \$819 million, or 12%, for the three months ended and increased \$2.1 billion, or 11%, for the nine months ended September 30, 2023. The components comprising Core Adjusted EBITDA are discussed further above.

The increase for the three months ended September 30, 2023, was primarily from:

- Higher Total service revenues;
- Lower Cost of equipment sales, excluding Merger-related costs; and
- Lower Cost of services, excluding Merger-related costs and other special items, such as severance and related costs associated with the August 2023 workforce reduction; partially offset by
- Lower Equipment revenues, excluding lease revenues.

The increase for the nine months ended September 30, 2023, was primarily from:

- Lower Cost of equipment sales, excluding Merger-related costs;
- Higher Total service revenues; and
- Lower Cost of services, excluding Merger-related costs and other special items, such as severance and related costs associated with the August 2023 workforce reduction; partially offset by
- Lower Equipment revenues, excluding lease revenues.

Adjusted EBITDA increased \$561 million, or 8%, for the three months ended and increased \$1.2 billion, or 6%, for the nine months ended September 30, 2023, primarily due to the fluctuations in Core Adjusted EBITDA, discussed above, partially offset by lower lease revenues, which decreased \$258 million for the three months ended and decreased \$915 million for the nine months ended September 30, 2023.

## Liquidity and Capital Resources

Our principal sources of liquidity are our cash and cash equivalents and cash generated from operations, proceeds from issuance of debt, financing leases, the sale of certain receivables, the Revolving Credit Facility (as defined below) and, beginning in July 2023, an unsecured short-term commercial paper program. Further, the incurrence of additional indebtedness may inhibit our ability to incur new debt in the future to finance our business strategy under the terms governing our existing and future indebtedness.

### Cash Flows

The following is a condensed schedule of our cash flows:

| (in millions)                                       | Three Months Ended<br>September 30, |          | Change  |        | Nine Months Ended<br>September 30, |           | Change   |       |
|---|-------------------------------------|----------|---------|--------|------------------------------------|-----------|----------|-------|
|   | 2023                                | 2022     | \$      | %      | 2023                               | 2022      | \$       | %     |
| Net cash provided by operating activities           | \$ 5,294                            | \$ 4,391 | \$ 903  | 21 %   | \$ 13,700                          | \$ 12,445 | \$ 1,255 | 10 %  |
| Net cash used in investing activities               | (1,393)                             | (2,555)  | 1,162   | (45)%  | (4,608)                            | (10,206)  | 5,598    | (55)% |
| Net cash (used in) provided by financing activities | (5,510)                             | 1,927    | (7,437) | (386)% | (8,567)                            | (1,953)   | (6,614)  | 339 % |

### Operating Activities

Net cash provided by operating activities increased \$903 million, or 21%, for the three months ended and increased \$1.3 billion, or 10%, for the nine months ended September 30, 2023.

The increase for the three months ended September 30, 2023, was primarily from:

- A \$1.7 billion increase in Net income, adjusted for non-cash income and expense; partially offset by
- An \$846 million increase in net cash outflows from changes in working capital, primarily due to higher use of cash from Other current and long-term liabilities, Inventory, Operating lease right-of-use assets and Accounts payable and accrued liabilities, partially offset by lower use of cash from Equipment installment plan receivables, Other current and long-term assets and Accounts receivable.
- Net cash provided by operating activities includes the impact of \$345 million and \$942 million in net payments for Merger-related costs for the three months ended September 30, 2023 and 2022, respectively.

The increase for the nine months ended September 30, 2023, was primarily from:

- A \$5.1 billion increase in Net income, adjusted for non-cash income and expense; partially offset by
- A \$3.8 billion increase in net cash outflows from changes in working capital, primarily due to higher use of cash from Accounts payable and accrued liabilities, Other current and long-term liabilities, Operating lease right-of-use assets and Short- and long-term operating lease liabilities, partially offset by lower use of cash from Equipment installment plan receivables and Other current and long-term assets.
- Net cash provided by operating activities includes the impact of \$1.6 billion and \$2.7 billion in net payments for Merger-related costs for the nine months ended September 30, 2023 and 2022, respectively.

### ***Investing Activities***

Net cash used in investing activities decreased \$1.2 billion, or 45%, for the three months ended and decreased \$5.6 billion, or 55%, for the nine months ended September 30, 2023.

The use of cash for the three months ended September 30, 2023, was primarily from:

- \$2.4 billion in Purchases of property and equipment, including capitalized interest, from the accelerated build-out of our nationwide 5G network; partially offset by
- \$1.1 billion in Proceeds related to beneficial interests in securitization transactions.

The use of cash for the nine months ended September 30, 2023, was primarily from:

- \$8.2 billion in Purchases of property and equipment, including capitalized interest, from the accelerated build-out of our nationwide 5G network; partially offset by
- \$3.8 billion in Proceeds related to beneficial interests in securitization transactions.

### ***Financing Activities***

Net cash used in financing activities increased \$7.4 billion, or 386%, for the three months ended and increased \$6.6 billion, or 339%, for the nine months ended September 30, 2023.

The use of cash for the three months ended September 30, 2023, was primarily from:

- \$4.5 billion in Repayments of long-term debt;
- \$2.7 billion in Repurchases of common stock; and
- \$304 million in Repayments of financing lease obligations; partially offset by
- \$2.0 billion in Proceeds from issuance of long-term debt.

The use of cash for the nine months ended September 30, 2023, was primarily from:

- \$10.9 billion in Repurchases of common stock;
- \$4.8 billion in Repayments of long-term debt;
- \$914 million in Repayments of financing lease obligations; and
- \$267 million in Tax withholdings on share-based awards; partially offset by
- \$8.4 billion in Proceeds from issuance of long-term debt.

### ***Cash and Cash Equivalents***

As of September 30, 2023, our Cash and cash equivalents were \$5.0 billion compared to \$4.5 billion at December 31, 2022.

### Adjusted Free Cash Flow

Adjusted Free Cash Flow represents 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 a non-GAAP financial measure utilized by 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. Starting in the first quarter of 2023, we renamed Free Cash Flow to Adjusted Free Cash Flow. This change in name did not result in any change to the definition or calculation of this non-GAAP financial measure. Adjusted Free Cash Flow margin is calculated as Adjusted Free Cash Flow divided by Service Revenues. Adjusted Free Cash Flow margin is utilized by 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.

The table below provides a reconciliation of Adjusted Free Cash Flow to Net cash provided by operating activities, which we consider to be the most directly comparable GAAP financial measure:

| (in millions, except percentages)  | Three Months Ended<br>September 30, |          | Change   |           | Nine Months Ended<br>September 30, |           | Change   |         |
|--|-------------------------------------|----------|----------|-----------|------------------------------------|-----------|----------|---------|
|  | 2023                                | 2022     | \$       | %         | 2023                               | 2022      | \$       | %       |
| Net cash provided by operating activities  | \$ 5,294                            | \$ 4,391 | \$ 903   | 21 %      | \$ 13,700                          | \$ 12,445 | \$ 1,255 | 10 %    |
| Cash purchases of property and equipment, including capitalized interest   | (2,424)                             | (3,634)  | 1,210    | (33)%     | (8,214)                            | (10,587)  | 2,373    | (22)%   |
| Proceeds from sales of tower sites   | 2                                   | —        | 2        | NM        | 10                                 | —         | 10       | NM      |
| Proceeds related to beneficial interests in securitization transactions  | 1,131                               | 1,308    | (177)    | (14)%     | 3,785                              | 3,614     | 171      | 5 %     |
| Adjusted Free Cash Flow  | \$ 4,003                            | \$ 2,065 | \$ 1,938 | 94 %      | \$ 9,281                           | \$ 5,472  | \$ 3,809 | 70 %    |
| Net cash provided by operating activities margin (Net cash provided by operating activities divided by Service revenues) | 33 %                                | 29 %     |          | 400 bps   | 29 %                               | 27 %      |          | 200 bps |
| Adjusted Free Cash Flow margin (Adjusted Free Cash Flow divided by Service revenues)                                     | 25 %                                | 13 %     |          | 1,200 bps | 20 %                               | 12 %      |          | 800 bps |

NM - Not Meaningful

Adjusted Free Cash Flow increased \$1.9 billion, or 94%, for the three months ended and increased \$3.8 billion, or 70%, for the nine months ended September 30, 2023.

The increase for the three months ended September 30, 2023, was primarily impacted by the following:

- Lower Cash purchases of property and equipment, including capitalized interest, driven by increased capital efficiencies from accelerated investments in our nationwide 5G network in 2022; and
- Higher Net cash provided by operating activities, as described above; partially offset by
- Lower Proceeds related to beneficial interests in securitization transactions, which were offset in Net cash provided by operating activities.
- Adjusted Free Cash Flow includes the impact of \$345 million and \$942 million in net payments for Merger-related costs for the three months ended September 30, 2023 and 2022, respectively.

The increase for the nine months ended September 30, 2023, was primarily impacted by the following:

- Lower Cash purchases of property and equipment, including capitalized interest, driven by increased capital efficiencies from accelerated investments in our nationwide 5G network in 2022;
- Higher Net cash provided by operating activities, as described above; and
- Higher Proceeds related to beneficial interests in securitization transactions, which were offset in Net cash provided by operating activities.
- Adjusted Free Cash Flow includes the impact of \$1.6 billion and \$2.7 billion in net payments for Merger-related costs for the nine months ended September 30, 2023 and 2022, respectively.

During the nine months ended September 30, 2023 and 2022, there were no significant net cash proceeds from securitization.



### ***Borrowing Capacity***

We maintain a revolving credit facility (the “Revolving Credit Facility”) with an aggregate commitment amount of \$7.5 billion. As of September 30, 2023, there was no outstanding balance under the Revolving Credit Facility.

On July 25, 2023, we established an unsecured short-term commercial paper program with the ability to borrow up to \$2.0 billion from time to time. This program will supplement our other available external financing arrangements and proceeds are expected to be used for general corporate purposes. As of September 30, 2023, there was no outstanding balance under this program.

### ***Debt Financing***

As of September 30, 2023, our total debt and financing lease liabilities were \$77.9 billion, excluding our tower obligations, of which \$71.9 billion was classified as long-term debt and \$1.3 billion was classified as long-term financing lease liabilities.

During the nine months ended September 30, 2023, we issued long-term debt for net proceeds of \$8.4 billion and redeemed and repaid short-term debt with an aggregate principal amount of \$4.8 billion.

For more information regarding our debt financing transactions, see [Note 7 - Debt](#) of the Notes to the Condensed Consolidated Financial Statements.

### ***License Purchase Agreements***

On August 8, 2022, we entered into License Purchase Agreements to acquire spectrum in the 600 MHz band from Channel 51 License Co LLC and LB License Co, LLC in exchange for total cash consideration of \$3.5 billion. On March 30, 2023, we and the Sellers entered into Amended and Restated License Purchase Agreements pursuant to which we and the Sellers agreed to bifurcate the transaction into two tranches of licenses, with the closings on the acquisitions of certain licenses in Chicago, Dallas and New Orleans being deferred in order to potentially expedite the regulatory approval process for the remainder of the licenses. Subsequently, on August 25, 2023, we and the Sellers entered into Amendments No. 1 to the Amended and Restated License Purchase Agreements whereby we deferred the closings of certain additional licenses in Chicago and Dallas into the second closing tranche. Together, the licenses with closings deferred into the second closing tranche represent approximately \$1.1 billion of the aggregate \$3.5 billion cash consideration. We anticipate that the first closing will occur no earlier than the first half of 2024 and that the second closing (on the deferred licenses) will occur in late 2024 or early 2025.

The parties have agreed that each of the closings will occur within 180 days after the receipt of the applicable required regulatory approvals, and payment of each portion of the aggregate \$3.5 billion purchase price will occur no later than 40 days after the date of each respective closing.

On September 12, 2023, we entered into a License Purchase Agreement with Comcast pursuant to which we will acquire spectrum in the 600 MHz band from Comcast in exchange for total cash consideration of between \$1.2 billion and \$3.3 billion, subject to an application for FCC approval. We anticipate the closing will occur in the first half of 2028.

For more information regarding our License Purchase Agreements, see [Note 5 – Spectrum License Transactions](#) of the Notes to the Condensed Consolidated Financial Statements.

### ***Acquisition of Ka’ena Corporation***

On March 9, 2023, we entered into a Merger and Unit Purchase Agreement for the acquisition of 100% of the outstanding equity of Ka’ena Corporation and its subsidiaries including, among others, Mint Mobile LLC for a maximum purchase price of \$1.35 billion to be paid out 39% in cash and 61% in shares of T-Mobile common stock. The purchase price is variable dependent upon specified performance indicators of Ka’ena Corporation during certain periods before and after closing and consists of an upfront payment at closing of the transaction, subject to certain agreed-upon adjustments, and a variable earnout payable 24 months after closing of the transaction. Our estimate of the upfront payment is subject to Ka’ena Corporation’s underlying business performance and the timing of transaction close, and has been updated to \$1.2 billion, before working capital adjustments. The acquisition is subject to certain customary closing conditions, including certain regulatory approvals, and is expected to close by the end of the first quarter of 2024.

### ***Off-Balance Sheet Arrangements***

We have arrangements, as amended from time to time, to sell certain EIP accounts receivable and service accounts receivable on a revolving basis as a source of liquidity. As of September 30, 2023, we derecognized net receivables of \$2.4 billion upon sale through these arrangements.

For more information regarding these off-balance sheet arrangements, see [Note 4 – Sales of Certain Receivables](#) of the Notes to the Condensed Consolidated Financial Statements.

### **Future Sources and Uses of Liquidity**

We may seek additional sources of liquidity, including through the issuance of additional debt, to continue to opportunistically acquire spectrum licenses or other long-lived assets in private party transactions, repurchase shares, pay dividends or for the refinancing of existing long-term debt on an opportunistic basis. Excluding liquidity that could be needed for acquisitions of businesses, spectrum and other long-lived assets or for any potential stockholder returns, we expect our principal sources of funding to be sufficient to meet our anticipated liquidity needs for business operations for the next 12 months as well as our longer-term liquidity needs. Our intended use of any such funds is for general corporate purposes, including for capital expenditures, spectrum purchases, opportunistic investments and acquisitions, redemption of debt, tower obligations, workforce restructuring, share repurchases, dividend payments and the execution of our integration plan.

We determine future liquidity requirements for operations, capital expenditures, share repurchases and dividend payments based in large part upon projected financial and operating performance, and opportunities to acquire additional spectrum or repurchase shares. We regularly review and update these projections for changes in current and projected financial and operating results, general economic conditions, the competitive landscape and other factors. We have incurred, and will incur, substantial expenses to comply with the Government Commitments, and we are also expected to incur substantially all of the remaining projected Merger-related costs of approximately \$200 million, excluding capital expenditures, by the end of 2023, with the cash expenditure for the Merger-related costs extending beyond 2023. While we have assumed that a certain level of Merger-related expenses will be incurred, factors beyond our control, including required consultation and negotiation with certain counterparties, could affect the total amount or the timing of these expenses. There are a number of additional risks and uncertainties that could cause our financial and operating results and capital requirements to differ materially from our projections, which could cause future liquidity to differ materially from our assessment.

The indentures, supplemental indentures and credit agreements governing our long-term debt to affiliates and third parties, excluding financing leases, contain covenants that, among other things, limit the ability of the Issuers or borrowers and the Guarantor Subsidiaries to incur more debt, create liens or other encumbrances, and merge, consolidate or sell, or otherwise dispose of, substantially all of their assets. We were in compliance with all restrictive debt covenants as of September 30, 2023.

### ***Financing Lease Facilities***

We have uncommitted financing lease facilities with certain third parties that provide us with the ability to enter into financing leases for network equipment and services. As of September 30, 2023, we have entered into \$8.5 billion of financing leases under these financing lease facilities, of which \$388 million and \$940 million was executed during the three and nine months ended September 30, 2023, respectively. We expect to enter into up to a total of \$1.2 billion in financing lease commitments during the year ending December 31, 2023.

### ***Capital Expenditures***

Our liquidity requirements have been driven primarily by capital expenditures for spectrum licenses, the construction, expansion and upgrading of our network infrastructure and the integration of the networks, spectrum, technology, personnel and customer base of T-Mobile and Sprint. Property and equipment capital expenditures primarily relate to the integration of our network and spectrum licenses, including acquired Sprint PCS and 2.5 GHz spectrum licenses, as we build out our nationwide 5G network. We expect a reduction in capital expenditures related to these efforts in 2023 compared to 2022. Future capital expenditure requirements will include the deployment of our recently acquired C-band and 3.45 GHz spectrum licenses.

For more information regarding our spectrum licenses, see [Note 5 – Spectrum License Transactions](#) of the Notes to the Condensed Consolidated Financial Statements.

## ***Stockholder Returns***

On September 8, 2022, our Board of Directors authorized our 2022 Stock Repurchase Program for up to \$14.0 billion of our common stock through September 30, 2023. During the three and nine months ended September 30, 2023, we repurchased shares of our common stock for a total purchase price of \$2.7 billion and \$11.0 billion, respectively, all of which were purchased under the 2022 Stock Repurchase Program.

On September 6, 2023, our Board of Directors authorized our 2023-2024 Stockholder Return Program for up to \$19.0 billion that will run through December 31, 2024. The 2023-2024 Stockholder Return Program is expected to consist of additional repurchases of shares of our common stock and the payment of cash dividends.

On September 25, 2023, our Board of Directors declared a cash dividend of \$0.65 per share on our issued and outstanding shares of common stock, which will be paid in the fourth quarter of 2023. As of September 30, 2023, \$745 million for dividends payable is presented within Other current liabilities on our Condensed Consolidated Balance Sheets. We intend to declare and pay approximately \$3.0 billion in total additional dividends in 2024, with payments occurring each quarter during the year. The dividend amount paid per share is expected to grow by around 10% annually with the first increase expected in the fourth quarter of 2024; however, the declaration and payment of future dividends is subject to the discretion of our Board of Directors and will depend on financial and legal requirements and other considerations. The amount available under the 2023-2024 Stockholder Return Program for share repurchases will be reduced by the amount of any cash dividends declared by us.

Subsequent to September 30, 2023, from October 1, 2023, through October 20, 2023, we repurchased 5,515,568 shares of our common stock for a total purchase price of \$771 million. As of October 20, 2023, we had up to \$17.5 billion remaining under the 2023-2024 Stockholder Return Program.

For additional information regarding the 2022 Stock Repurchase Program and the 2023-2024 Stockholder Return Program, see [Note 10 – Stockholder Return Programs](#) of the Notes to the Condensed Consolidated Financial Statements.

## **Related Party Transactions**

We have related party transactions associated with DT or its affiliates in the ordinary course of business, including intercompany servicing and licensing.

As of October 20, 2023, DT held, directly or indirectly, approximately 52.3% of the outstanding T-Mobile common stock, with the remaining approximately 47.7% of the outstanding T-Mobile common stock held by SoftBank and other stockholders. As a result of the Proxy, Lock-Up and ROFR Agreement, dated April 1, 2020, by and between DT and SoftBank and the Proxy, Lock-Up and ROFR Agreement, dated June 22, 2020, by and among DT, Claure Mobile LLC, and Marcelo Claure, DT has voting control, as of October 20, 2023, over approximately 56.2% of the outstanding T-Mobile common stock.

## **Disclosure of Iranian Activities under Section 13(r) of the Exchange Act**

Section 219 of the Iran Threat Reduction and the Syria Human Rights Act of 2012 added Section 13(r) to the Exchange Act. Section 13(r) requires an issuer to disclose in its annual or quarterly reports, as applicable, whether it or any of its affiliates knowingly engaged in certain activities, transactions or dealings relating to Iran or with designated natural persons or entities involved in terrorism or the proliferation of weapons of mass destruction. Disclosure is required even where the activities, transactions or dealings are conducted outside the U.S. by non-U.S. affiliates in compliance with applicable law, and whether or not the activities are sanctionable under U.S. law.

As of the date of this report, we are not aware of any activity, transaction or dealing by us or any of our affiliates for the three months ended September 30, 2023, that requires disclosure in this report under Section 13(r) of the Exchange Act, except as set forth below with respect to affiliates that we do not control and that are our affiliates solely due to their common control with either DT or SoftBank. We have relied upon DT and SoftBank for information regarding their respective activities, transactions and dealings.

DT, through certain of its non-U.S. subsidiaries, is party to roaming and interconnect agreements with the following mobile and fixed line telecommunication providers in Iran, some of which are or may be government-controlled entities: Telecommunication Kish Company, Mobile Telecommunication Company of Iran, and Telecommunication Infrastructure Company of Iran. In addition, during the three months ended September 30, 2023, DT, through certain of its non-U.S. subsidiaries, provided basic telecommunications services to five customers in Germany identified on the Specially Designated

Nationals and Blocked Persons List maintained by the U.S. Department of Treasury's Office of Foreign Assets Control: Bank Melli, Europäisch-Iranische Handelsbank, CPG Engineering & Commercial Services GmbH, Golgothar Trade and Technology GmbH and International Trade and Industrial Technology ITRITEC GmbH. With respect to the first four of these customers, the services have been terminated or are in the process of being terminated. DT is currently evaluating the relationship its non-U.S. subsidiary has with International Trade and Technology ITRITEC GmbH. For the three months ended September 30, 2023, gross revenues of all DT affiliates generated by roaming and interconnection traffic and telecommunications services with the Iranian parties identified herein were less than \$0.1 million, and the estimated net profits were less than \$0.1 million.

In addition, DT, through certain of its non-U.S. subsidiaries that operate a fixed-line network in their respective European home countries (in particular Germany), provides telecommunications services in the ordinary course of business to the Embassy of Iran in those European countries. Gross revenues and net profits recorded from these activities for the three months ended September 30, 2023, were less than \$0.1 million. We understand that DT intends to continue these activities.

Separately, SoftBank, through one of its non-U.S. subsidiaries, provides roaming services in Iran through IranCell Telecommunications Services Company. During the three months ended September 30, 2023, SoftBank had no gross revenues from such services and no net profit was generated. We understand that the SoftBank subsidiary intends to continue such services. This subsidiary also provides telecommunications services in the ordinary course of business to accounts affiliated with the Embassy of Iran in Japan. During the three months ended September 30, 2023, SoftBank estimates that gross revenues and net profit generated by such services were both under \$0.1 million. We understand that the SoftBank subsidiary is obligated under contract and intends to continue such services.

In addition, SoftBank, through one of its non-U.S. indirect subsidiaries, provides office supplies to the Embassy of Iran in Japan. SoftBank estimates that gross revenue and net profit generated by such services during the three months ended September 30, 2023, were both under \$0.1 million. We understand that the SoftBank subsidiary intends to continue such activities.

### **Critical Accounting Estimates**

Preparation of our condensed consolidated financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues and expenses, as well as related disclosure of contingent assets and liabilities. There have been no material changes to the critical accounting policies and estimates as previously disclosed in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2022, and which are hereby incorporated by reference herein.

### **Accounting Pronouncements Not Yet Adopted**

For information regarding recently issued accounting standards, see [Note 1 – Summary of Significant Accounting Policies](#) of the Notes to the Condensed Consolidated Financial Statements.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no material changes to the interest rate risk as previously disclosed in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2022.

### **Item 4. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures designed to ensure information required to be disclosed in our periodic reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Our disclosure controls include the use of a Disclosure Committee which is comprised of representatives from our Accounting, Legal, Treasury, Technology, Risk Management, Government Affairs and Investor Relations functions and are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and

procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective, as of the end of the period covered by this Form 10-Q.

The certifications required by Section 302 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”) are filed as Exhibits [31.1](#) and [31.2](#) to this Form 10-Q.

### **Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act, during our most recently completed fiscal quarter that materially affected or are reasonably likely to materially affect our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings**

For more information regarding the legal proceedings in which we are involved, see [Note 13 – Commitments and Contingencies](#) of the Notes to the Condensed Consolidated Financial Statements.

### **Item 1A. Risk Factors**

Other than the updated risk factors below, there have been no material changes in our risk factors as previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022.

#### **Risks Related to Our Business**

**We have experienced criminal cyberattacks and could in the future be further harmed by disruption, data loss or other security breaches, whether directly or indirectly through third parties whose products and services we rely on in operating our business.**

Our business involves the receipt, storage, and transmission of confidential information about our customers, such as sensitive personal, account and payment card information, confidential information about our employees and suppliers, and other sensitive information about our Company, such as our business plans, transactions, financial information, and intellectual property (collectively, “Confidential Information”). Additionally, to offer services to our customers and operate our business, we utilize a number of products and services, such as IT networks and systems, including those we own and operate as well as others provided by third-party providers, such as cloud services (collectively, “Systems”).

We are subject to persistent cyberattacks and threats to our business from a variety of bad actors, many of whom attempt to gain unauthorized access to and compromise Confidential Information and Systems. In some cases, the bad actors exploit bugs, errors, misconfigurations or other vulnerabilities in our Systems to obtain Confidential Information. In other cases, these bad actors may obtain unauthorized access to Confidential Information utilizing credentials taken from our customers, employees, or third-party providers through credential harvesting, social engineering or other means. Other bad actors aim to cause serious operational disruptions to our business and Systems through ransomware or distributed denial of services attacks.

Cyberattacks against companies like ours have increased in frequency and potential harm over time, and the methods used to gain unauthorized access constantly evolve, making it increasingly difficult to anticipate, prevent, and/or detect incidents successfully in every instance. They are perpetrated by a variety of groups and persons, including state-sponsored parties, malicious actors, employees, contractors, or other unrelated third parties. Some of these persons reside in jurisdictions where law enforcement measures to address such attacks are ineffective or unavailable, and such attacks may even be perpetrated by or at the behest of foreign governments.

In addition, we routinely rely upon third-party providers whose products and services are used in our business. These third-party providers have experienced in the past, and will continue to experience in the future, cyberattacks that involve attempts to obtain unauthorized access to our Confidential Information and/or to create operational disruptions that could adversely affect our business, and these providers also face other security challenges common to all parties that collect and process information.

In August 2021, we disclosed that our systems were subject to a criminal cyberattack that compromised certain data of millions of our current customers, former customers, and prospective customers, including, in some instances, social security numbers,

names, addresses, dates of birth and driver's license/identification numbers. With the assistance of outside cybersecurity experts, we located and closed the unauthorized access to our systems and identified current, former, and prospective customers whose information was impacted and notified them, consistent with state and federal requirements. We have incurred certain cyberattack-related expenses, including costs to remediate the attack, provide additional customer support and enhance customer protection, and expect to incur additional expense in future periods resulting from the attack. For more information, see "Recent Cyberattacks" in the Overview section of our Management's Discussion and Analysis of Financial Condition and Results of Operations. As a result of the August 2021 cyberattack, we are subject to numerous claims, lawsuits and regulatory inquiries, the ongoing costs of which may be material, and we may be subject to further regulatory inquiries and private litigation. For more information, see "—Contingencies and Litigation — Litigation and Regulatory Matters" in [Note 13 – Commitments and Contingencies](#) of the Notes to the Consolidated Financial Statements.

In January 2023, we disclosed that a bad actor was obtaining data through a single Application Programming Interface ("API") without authorization. Based on our investigation, the impacted API is only able to provide a limited set of customer account data, including name, billing address, email, phone number, date of birth, T-Mobile account number and information such as the number of lines on the account and plan features. The result from our investigation indicates that the bad actor(s) obtained data from this API for approximately 37 million current postpaid and prepaid customer accounts, though many of these accounts did not include the full data set. We believe that the bad actor first retrieved data through the impacted API starting on or around November 25, 2022. We have notified individuals whose information was impacted consistent with state and federal requirements.

As a result of the August 2021 cyberattack and the January 2023 cyberattack, we have incurred and may continue to incur significant costs or experience other material financial impacts, which may not be covered by, or may exceed the coverage limits of, our cyber liability insurance, and such costs and impacts may have a material adverse effect on our business, reputation, financial condition, cash flows and operating results.

In addition to the recent cyberattacks, we have experienced other unrelated immaterial incidents involving unauthorized access to certain Confidential Information. Typically, these incidents have involved attempts to commit fraud by taking control of a customer's phone line, often by using compromised credentials. In other cases, the incidents have involved unauthorized access to certain of our customers' private information, including credit card information, financial data, social security numbers or passwords, and to certain of our intellectual property. Some of these incidents have occurred at third-party providers, including third parties who provide us with various Systems and others who sell our products and services through retail locations or take care of our customers.

Our procedures and safeguards to prevent unauthorized access to Confidential Information and to defend against cyberattacks seeking to disrupt our operations must be continually evaluated and enhanced to address the ever-evolving threat landscape and changing cybersecurity regulations. These preventative actions require the investment of significant resources and management time and attention. Additionally, we do not have control of the cybersecurity systems, breach prevention, and response protocols of our third-party providers. While T-Mobile may have contractual rights to assess the effectiveness of many of our providers' systems and protocols, we do not have the means to know or assess the effectiveness of all of our providers' systems and controls at all times. We cannot provide any assurances that actions taken by us, or our third-party providers, will adequately repel a significant cyberattack or prevent or substantially mitigate the impacts of cybersecurity breaches or misuses of Confidential Information, unauthorized access to our networks or systems or exploits against third-party environments, or that we, or our third-party providers, will be able to effectively identify, investigate, and remediate such incidents in a timely manner or at all. We expect to continue to be the target of cyberattacks, given the nature of our business, and we expect the same with respect to our third-party providers. We also expect that threat actors will continue to gain sophistication including in the use of tools and techniques (such as artificial intelligence) that are specifically designed to circumvent security controls, evade detection, and obfuscate forensic evidence, making it more challenging for us to identify, investigate and recover from future cyberattacks in a timely and effective manner. If we fail to protect Confidential Information or to prevent operational disruptions from future cyberattacks, there may be a material adverse effect on our business, reputation, financial condition, cash flows, and operating results.

**Our business may be adversely impacted if we are not able to successfully manage the ongoing arrangements entered into in connection with the Prepaid Transaction and known or unknown liabilities arising in connection therewith.**

In connection with the closing of the Prepaid Transaction, we and DISH entered into certain arrangements, including a Master Network Services Agreement (the "MNSA") and a License Purchase Agreement (as amended, the "DISH License Purchase Agreement"). Pursuant to the MNSA, DISH will receive network services from the Company for a period of seven years. As set forth in the MNSA, the Company provides DISH, among other things, (a) legacy network services for certain Boost Mobile prepaid end users on the Sprint network, (b) T-Mobile network services for certain end users that have been migrated to the T-

Mobile network or provisioned on the T-Mobile network by or on behalf of DISH and (c) infrastructure mobile network operator services to assist in the access and integration of the DISH network. Pursuant to the DISH License Purchase Agreement, DISH has agreed to purchase all of Sprint's 800 MHz spectrum (approximately 13.5 MHz of nationwide spectrum) for a total of approximately \$3.6 billion. Pursuant to an amendment to the DISH License Purchase Agreement (the "LPS Amendment") executed by us and DISH and approved by the Court along with a proposed amendment to the Final Judgment on October 23, 2023, if DISH fails to purchase such spectrum on or prior to April 1, 2024, then DISH's sole liability will be that we can retain a non-refundable extension fee of approximately \$100 million. In such instance, T-Mobile may be required to conduct an auction sale of all of Sprint's 800 MHz spectrum under the terms set forth in the Final Judgment, but would not be required to divest such spectrum for an amount less than \$3.6 billion.

Failure to successfully manage these ongoing arrangements entered into in connection with the Prepaid Transaction and liabilities arising in connection therewith may result in material unanticipated problems, including diversion of management time and energy, significant expenses and liabilities. There may also be other potential adverse consequences and unforeseen increased expenses or liabilities associated with the Prepaid Transaction, the occurrence of which could materially impact our business, financial condition, liquidity and operating results. In addition, there may be an increase in competition from DISH and other third parties that DISH may enter into commercial agreements with, who are significantly larger and with greater resources and scale advantages as compared to us. Such increased competition may result in our loss of customers and other business relationships.

### **Risks Related to Legal and Regulatory Matters**

#### **Unfavorable outcomes of legal proceedings may adversely affect our business, reputation, financial condition, cash flows and operating results.**

We and our affiliates are involved in various disputes, governmental and/or regulatory inspections, investigations and proceedings, mass arbitrations and litigation matters. Such legal proceedings can be complex, costly, and highly disruptive to our business operations by diverting the attention and energy of management and other key personnel.

In connection with the Transactions, we became subject to a number of legal proceedings, including a putative shareholder class action and derivative lawsuit and a putative antitrust class action. For more information, see "—Contingencies and Litigation — Litigation and Regulatory Matters" in [Note 13 – Commitments and Contingencies](#) of the Notes to the Consolidated Financial Statements. It is possible that stockholders of T-Mobile and/or Sprint may file additional putative class action lawsuits or shareholder derivative actions against the Company and the legacy T-Mobile board of directors and/or the legacy Sprint board of directors. Among other remedies, these stockholders could seek damages. The outcome of any litigation is uncertain, and any such potential lawsuits could result in substantial costs and may be costly and distracting to management.

Additionally, on April 1, 2020, in connection with the closing of the Merger, we assumed the contingencies and litigation matters of Sprint. Those matters include a wide variety of disputes, claims, government agency investigations and enforcement actions and other proceedings. Unfavorable resolution of these matters could require us to make additional reimbursements and pay additional fines and penalties.

On February 28, 2020, we received a Notice of Apparent Liability for Forfeiture and Admonishment from the FCC, which proposed a penalty against us for allegedly violating Section 222 of the Communications Act and the FCC's regulations governing the privacy of customer information. We recorded an accrual for an estimated payment amount as of March 31, 2020, which is included in Accounts payable and accrued liabilities on our Consolidated Balance Sheets.

As a result of the August 2021 cyberattack, we are subject to numerous lawsuits, including consolidated class action lawsuits seeking unspecified monetary damages, mass consumer arbitrations, a shareholder derivative lawsuit and inquiries by various government agencies, law enforcement and other governmental authorities, and we may be subject to further regulatory inquiries and private litigation. We are cooperating fully with regulators and vigorously defending against the class actions and other lawsuits. On July 22, 2022, we entered into an agreement to settle the consolidated class action lawsuit. On June 29, 2023, the Court issued an order granting final approval of the settlement, which is subject to potential appeals. Under the terms of the settlement, we would pay an aggregate of \$350 million to fund claims submitted by class members, the legal fees of plaintiffs' counsel and the costs of administering the settlement. We would also commit to an aggregate incremental spend of \$150 million for data security and related technology in 2022 and 2023. We previously paid \$35 million for claims administration purposes. On July 31, 2023, a class member filed an appeal to the final approval order challenging the Court's award of attorneys' fees to class counsel. We expect the remaining portion of the \$350 million settlement payment to fund claims to be made once that appeal is resolved. In connection with the class action settlement and other settlements of separate consumer claims that have been previously completed or are currently pending, we recorded a total pre-tax charge of approximately \$400 million during



the three months ended June 30, 2022. In light of the inherent uncertainties involved in such matters and based on the information currently available to us, we believe it is reasonably possible that we could incur additional losses associated with these proceedings and inquiries, and we will continue to evaluate information as it becomes known and will record an estimate for losses at the time or times when it is both probable that a loss has been incurred and the amount of the loss is reasonably estimable. In addition, in connection with the January 2023 cyberattack, we have received notices of consumer class actions and regulatory inquiries, to which we will continue to respond in due course. Ongoing legal and other costs related to these proceedings and inquiries, as well as any potential future proceedings and inquiries related to the August 2021 cyberattack and the January 2023 cyberattack, may be substantial, and losses associated with any adverse judgments, settlements, penalties or other resolutions of such proceedings and inquiries could be significant and have a material adverse impact on our business, reputation, financial condition, cash flows and operating results.

We, along with equipment manufacturers and other carriers, are subject to current and potential future lawsuits alleging adverse health effects arising from the use of wireless handsets or from wireless transmission equipment such as cell towers. In addition, the FCC has from time to time gathered data regarding wireless device emissions, and its assessment of the risks associated with using wireless devices may evolve based on its findings. Any of these allegations or changes in risk assessments could result in customers purchasing fewer devices and wireless services, could result in significant legal and regulatory liability, and could have a material adverse effect on our business, reputation, financial condition, cash flows and operating results.

The assessment of the outcome of legal proceedings, including our potential liability, if any, is a highly subjective process that requires judgments about future events that are not within our control. The amounts ultimately received or paid upon settlement or pursuant to final judgment, order or decree may differ materially from amounts accrued in our financial statements. In addition, litigation or similar proceedings could impose restraints on our current or future manner of doing business. Such potential outcomes including judgments, awards, settlements or orders could have a material adverse effect on our business, reputation, financial condition, cash flows and operating results.

### **Risks Related to Ownership of Our Common Stock**

**We cannot guarantee that our 2023-2024 Stockholder Return Program will be fully utilized, and our share repurchases and dividend payments pursuant thereto may fail to have the desired impact on stockholder value.**

Our Board of Directors has authorized the 2023-2024 Stockholder Return Program for up to \$19.0 billion that will run through December 31, 2024. The 2023-2024 Stockholder Return Program is expected to consist of additional repurchases of shares of our common stock and payment of cash dividends. The existence of the 2023-2024 Stockholder Return Program could cause our stock price, in certain cases, to be higher or lower than it otherwise would be and could potentially reduce the market liquidity or have other unintended consequences for our stock. In addition to the approximately \$750 million dividend we declared on September 25, 2023, which is payable on December 15, 2023 to stockholders of record as of the close of business on December 1, 2023, we intend to declare and pay approximately \$3.0 billion in total additional dividends in 2024, with payments occurring each quarter during the year. The dividend amount paid per share is expected to grow by around 10% annually, however, the declaration and payment of future dividends is subject to the discretion of our Board of Directors and will depend on financial and legal requirements and other considerations. The amount available under the 2023-2024 Stockholder Return Program for share repurchases will be reduced by the amount of any cash dividends declared by the Company.

Under the 2023-2024 Stockholder Return Program, share repurchases can be made from time to time using a variety of methods, which may include open market purchases, Rule 10b5-1 plans, accelerated share repurchases, privately negotiated transactions or otherwise, all in accordance with the rules of the Securities and Exchange Commission and other applicable legal requirements. The specific timing and amount of any share repurchases, and the specific timing and amount of any dividend payments, under the 2023-2024 Stockholder Return Program will depend on prevailing share prices, general economic and market conditions, Company performance and other considerations. In addition, the specific timing and amount of any dividend payments are subject to declaration on future dates by the Board in its sole discretion. The 2023-2024 Stockholder Return Program does not obligate the Company to acquire any particular amount of common stock or to declare and pay any particular amount of dividends, and the 2023-2024 Stockholder Return Program may be suspended or discontinued at any time at the Company's discretion.

In addition, the threshold price that would trigger the issuance of additional shares of T-Mobile common stock to SoftBank under the Letter Agreement is subject to downward adjustment by the per share amount of any cash dividends or other cash distributions declared or paid on the Company's common stock during the measurement period set forth in the Letter Agreement. As a result, any declaration of cash dividends could potentially result in the issuance of shares of T-Mobile



common stock to SoftBank under the Letter Agreement based on the lower threshold price that would not otherwise occur without the cash dividends, which would cause the interests of our stockholders to be diluted.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

### Issuer Purchases of Equity Securities

The table below provides information regarding our share repurchases during the three months ended September 30, 2023:

| (in millions, except share and per share amounts) | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Approximate Dollar Value of Shares that may yet be Purchased Under the Plans or Programs <sup>(1)</sup> |
|---|----------------------------------|------------------------------|--|---|
| July 1, 2023 - July 31, 2023                      | 5,711,470                        | \$ 139.81                    | 5,711,470  | \$ 1,910  |
| August 1, 2023 - August 31, 2023                  | 7,881,202                        | 136.50                       | 7,881,202  | 834   |
| September 1, 2023 - September 30, 2023            | 5,720,487                        | 139.89                       | 5,720,487  | 18,255  |
| Total   | 19,313,159                       |                              | 19,313,159   |   |

(1) On September 8, 2022, our Board of Directors authorized our 2022 Stock Repurchase Program for up to \$14.0 billion of our common stock through September 30, 2023. On September 6, 2023, our Board of Directors authorized our 2023-2024 Stockholder Return Program of up to an additional \$19.0 billion that will run through December 31, 2024. The amounts presented represent the remaining shares authorized for purchase under the 2022 Stock Repurchase Program and the 2023-2024 Stockholder Return Program as of the end of the period. The amount available under the 2023-2024 Stockholder Return Program for share repurchases has been reduced by the \$745 million of cash dividends declared by us on September 25, 2023.

On May 3, 2023, the SEC adopted amendments to modernize share repurchase disclosure requirements, including requiring issuers to disclose daily share repurchase activity in an exhibit to their Form 10-Q and Form 10-K. We will be required to comply with the amendments beginning with our first filing that covers the first full fiscal quarter that begins on October 1, 2023. We plan to apply the applicable amendments, including the discontinuation of the monthly share repurchase activity in this Item and replacing with daily share repurchase activity as an exhibit to our Form 10-Qs and Form 10-Ks, beginning in our Form 10-K for the year ending December 31, 2023.

See [Note 10 - Stockholder Return Programs](#) of the Notes to the Condensed Consolidated Financial Statements for more information about our 2022 Stock Repurchase Program and 2023-2024 Stockholder Return Program.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

On September 13, 2023, Deeanne King, Executive Vice President and Chief People Officer, adopted a trading plan intended to satisfy Rule 10b5-1(c) to sell up to 24,328 shares of T-Mobile US, Inc. common stock between December 13, 2023, and September 12, 2024, for a total duration of 274 days, subject to certain conditions.

On September 14, 2023, Dara Bazzano, Senior Vice President and Chief Accounting Officer, adopted a trading plan intended to satisfy Rule 10b5-1(c) to sell up to 3,953 shares of T-Mobile US, Inc. common stock between December 13, 2023, and March 15, 2024, for a total duration of 93 days, subject to certain conditions.

**Item 6. Exhibits**

| Exhibit No. | Exhibit Description  | Incorporated by Reference |                      |                | Filed Herein |
|-------------|--|---------------------------|----------------------|----------------|--------------|
|             |  | Form                      | Date of First Filing | Exhibit Number |              |
| 4.1         | <a href="#">Tenth Supplemental Indenture, dated as of September 14, 2023, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 5.750% Senior Note due 2034.</a>  | 8-K                       | 9/14/2023            | 4.2            |              |
| 4.2         | <a href="#">Eleventh Supplemental Indenture, dated as of September 14, 2023, by and among T-Mobile USA, Inc., the Guarantors (as defined therein) and Deutsche Bank Trust Company Americas, as trustee, including the Form of 6.000% Senior Note due 2054.</a>   | 8-K                       | 9/14/2023            | 4.3            |              |
| 10.1        | <a href="#">Amendment No.1, dated as of August 25, 2023, to the Amended and Restated License Purchase Agreement, dated as of March 30, 2023, by and among T-Mobile USA, Inc., T-Mobile License LLC, Nextel West Corp., and Channel 51 License Co LLC and to the License Purchase Agreement, dated as of March 30, 2023, by and among T-Mobile USA, Inc., T-Mobile License LLC, Nextel West Corp., and Channel 51 License Co LLC.</a> |                           |                      |                | X            |
| 10.2        | <a href="#">Amendment No.1, dated as of August 25, 2023, to the Amended and Restated License Purchase Agreement, dated as of March 30, 2023, by and among T-Mobile USA, Inc., T-Mobile License LLC, Nextel West Corp., and LB License Co, LLC and to the License Purchase Agreement, dated as of March 30, 2023, by and among T-Mobile USA, Inc., T-Mobile License LLC, Nextel West Corp., and LB License Co, LLC.</a>               |                           |                      |                | X            |
| 10.3*       | <a href="#">Letter Agreement, dated as of September 6, 2023, by and between the Company and Peter Ewens.</a>   |                           |                      |                | X            |
| 10.4        | <a href="#">License Purchase Agreement, dated as of September 12, 2023, by and among T-Mobile USA, Inc., T-Mobile License LLC, T-Mobile US, Inc., Comcast OTRI, LLC, and Comcast Corporation.</a>  |                           |                      |                | X            |
| 22.1        | <a href="#">Subsidiary Guarantors and Issuers of Guaranteed Securities.</a>  |                           |                      |                | X            |
| 31.1        | <a href="#">Certifications of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>   |                           |                      |                | X            |
| 31.2        | <a href="#">Certifications of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>   |                           |                      |                | X            |
| 32.1**      | <a href="#">Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>  |                           |                      |                | X            |
| 32.2**      | <a href="#">Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>  |                           |                      |                | X            |
| 101.INS     | XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.  |                           |                      |                |              |
| 101.SCH     | XBRL Taxonomy Extension Schema Document.   |                           |                      |                | X            |
| 101.CAL     | XBRL Taxonomy Extension Calculation Linkbase Document.   |                           |                      |                | X            |
| 101.DEF     | XBRL Taxonomy Extension Definition Linkbase Document.  |                           |                      |                | X            |
| 101.LAB     | XBRL Taxonomy Extension Label Linkbase Document.   |                           |                      |                | X            |
| 101.PRE     | XBRL Taxonomy Extension Presentation Linkbase.   |                           |                      |                | X            |
| 104         | Cover Page Interactive Data File (the cover page XBRL tags)  |                           |                      |                |              |

\* Indicates a management contract or compensatory plan or arrangement.

\*\* Furnished herein.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**T-MOBILE US, INC.**

October 25, 2023

/s/ Peter Osvaldik

Peter Osvaldik

Executive Vice President and Chief Financial Officer

(Principal Financial Officer and Authorized Signatory)