



As previously announced, UScellular will hold a teleconference on November 3, 2023, at 9:00 a.m. CDT. Listen to the call live via the Events & Presentations page of investors.uscellular.com.

UScellular reports third quarter 2023 results

CHICAGO (November 3, 2023) — United States Cellular Corporation (NYSE:USM) reported total operating revenues of \$963 million for the third quarter of 2023, versus \$1,083 million for the same period one year ago. Service revenues totaled \$762 million, versus \$781 million for the same period one year ago. Net income (loss) attributable to UScellular shareholders and related diluted earnings (loss) per share were \$23 million and \$0.26, respectively, for the third quarter of 2023 compared to \$(12) million and \$(0.15), respectively, in the same period one year ago.

3Q 2023 Highlights*

- **Postpaid ARPU grew 2%**
- **Executing on growth initiatives**
 - Fixed Wireless customers grew 57% to 106,000
 - Tower rental revenues grew 8%
- **Increased profitability**
 - Net income, Adjusted OIBDA, Adjusted EBITDA up significantly
- **Growth in cash flows from operating activities and positive free cash flow**

* Comparisons are 3Q'22 to 3Q'23 unless otherwise noted

"While we remain committed to improving subscriber results amidst a challenging market, the organization has done an outstanding job of also focusing on financial discipline in order to deliver improved net income and adjusted EBITDA versus prior year," said Laurent Therivel, President and CEO of UScellular. "And we have continued momentum in several key growth areas within our business, including our tower portfolio and fixed wireless services, which have both contributed to the notable profitability gains in the quarter."

Recent Development: On August 4, 2023, Telephone and Data Systems, Inc. (TDS) and UScellular announced that the Boards of Directors of both companies decided to initiate a process to explore a range of strategic alternatives for UScellular. The process is still ongoing.

2023 Estimated Results

UScellular's current estimates of full-year 2023 results are shown below. Such estimates represent management's view as of November 3, 2023 and should not be assumed to be current as of any future date. UScellular undertakes no duty to update such estimates, whether as a result of new information, future events, or otherwise. There can be no assurance that final results will not differ materially from estimated results.

The 2023 Estimated Results shown below do not reflect any anticipated costs, expenses or results of the strategic alternatives review referenced above.

2023 Estimated Results		
	Previous	Current
(Dollars in millions)		
Service revenues	\$3,025-\$3,075	Unchanged
Adjusted OIBDA ¹	\$750-\$850	\$770-\$830
Adjusted EBITDA ¹	\$925-\$1,025	\$945-\$1,005
Capital expenditures	\$600-\$700	Unchanged

The following table reconciles EBITDA, Adjusted EBITDA and Adjusted OIBDA to the corresponding GAAP measures, Net income or Income before income taxes. In providing 2023 estimated results, UScellular has not completed the below reconciliation to Net income because it does not provide guidance for income taxes. Although potentially significant, UScellular believes that the impact of income taxes cannot be reasonably predicted; therefore, UScellular is unable to provide such guidance.

	2023 Estimated Results	Actual Results	
		Nine Months Ended September 30, 2023	Year Ended December 31, 2022
(Dollars in millions)			
Net income (GAAP)	N/A	\$43	\$35
Add back:			
Income tax expense	N/A	56	37
Income before income taxes (GAAP)	\$75-\$135	\$99	\$72
Add back:			
Interest expense	195	147	163
Depreciation, amortization and accretion expense	655	490	700
EBITDA (Non-GAAP)¹	\$925-\$985	\$736	\$935
Add back or deduct:			
Expenses related to strategic alternatives review	—	3	—
Loss on impairment of licenses	—	—	3
(Gain) loss on asset disposals, net	20	14	19
(Gain) loss on sale of business and other exit costs, net	—	—	(1)
Adjusted EBITDA (Non-GAAP)¹	\$945-\$1,005	\$753	\$956
Deduct:			
Equity in earnings of unconsolidated entities	160	121	158
Interest and dividend income	15	8	8
Adjusted OIBDA (Non-GAAP)¹	\$770-\$830	\$624	\$790

¹ EBITDA, Adjusted EBITDA and Adjusted OIBDA are defined as net income adjusted for the items set forth in the reconciliation above. EBITDA, Adjusted EBITDA and Adjusted OIBDA are not measures of financial performance under Generally Accepted Accounting Principles in the United States (GAAP) and should not be considered as alternatives to Net income or Cash flows from operating activities, as indicators of cash flows or as measures of liquidity. UScellular does not intend to imply that any such items set forth in the reconciliation above are infrequent or unusual; such items may occur in the future. Management uses Adjusted EBITDA and Adjusted OIBDA as measurements of profitability, and therefore reconciliations to Net income are deemed appropriate. Management believes Adjusted EBITDA and Adjusted OIBDA are useful measures of UScellular's operating results before significant recurring non-cash charges, nonrecurring expenses, gains and losses, and other items as presented above as they provide additional relevant and useful information to investors and other users of UScellular's financial data in evaluating the effectiveness of its operations and underlying business trends in a manner that is consistent with management's evaluation of business performance. Adjusted EBITDA shows adjusted earnings before interest, taxes, depreciation, amortization and accretion, gains and losses, and expenses related to the strategic alternatives review of UScellular while Adjusted OIBDA reduces this measure further to exclude Equity in earnings of unconsolidated entities and Interest and dividend income in order to more effectively show the performance of operating activities excluding investment activities. The table above reconciles EBITDA, Adjusted EBITDA and Adjusted OIBDA to the corresponding GAAP measure, Net income or Income before income taxes. Additional information and reconciliations related to Non-GAAP financial measures for September 30, 2023, can be found on UScellular's website at investors.uscellular.com.

Conference Call Information

UScellular will hold a conference call on November 3, 2023 at 9:00 a.m. Central Time.

- Access the live call on the Events & Presentations page of investors.uscellular.com or at <https://events.q4inc.com/attendee/870810761>
- Access the call by phone at (888)330-2384 conference ID: 1328528.

Before the call, certain financial and statistical information to be discussed during the call will be posted to investors.uscellular.com. The call will be archived on the Events & Presentations page of investors.uscellular.com.

About UScellular

United States Cellular Corporation provides a comprehensive range of wireless products and services, excellent customer support, and a high-quality network to customers with 4.6 million retail connections in 21 states. The Chicago-based company had 4,500 full- and part-time associates as of September 30, 2023. At the end of the third quarter of 2023, Telephone and Data Systems, Inc. owned approximately 83 percent of UScellular. For more information about UScellular, visit uscellular.com.

Contacts

Colleen Thompson, Vice President - Corporate Relations of TDS
colleen.thompson@tdsinc.com

Julie Mathews, IRC, Director - Investor Relations of TDS
julie.mathews@tdsinc.com

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: All information set forth in this news release, except historical and factual information, represents forward-looking statements. This includes all statements about the company's plans, beliefs, estimates, and expectations. These statements are based on current estimates, projections, and assumptions, which involve certain risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Important factors that may affect these forward-looking statements include, but are not limited to: whether any strategic alternatives for UScellular will be successfully identified or completed; whether any such strategic alternative will result in additional value for UScellular and its shareholders and whether the process will have an adverse impact on UScellular's business; intense competition; the ability to attract people of outstanding talent throughout all levels of the organization; UScellular's smaller scale relative to larger competitors; the ability to obtain or maintain roaming arrangements with other carriers on acceptable terms and changes in roaming practices; the ability to obtain access to adequate radio spectrum to meet current or anticipated future needs, including participation in FCC auctions; changes in demand, consumer preferences and perceptions, price competition, or churn rates; advances in technology; impacts of costs, integration problems or other factors associated with acquisitions, divestitures or exchanges of properties or wireless spectrum licenses and/or expansion of UScellular's businesses; the ability of the company to successfully construct and manage its networks; difficulties involving third parties with which UScellular does business; uncertainties in UScellular's future cash flows and liquidity and access to the capital markets; the ability to make payments on UScellular indebtedness or comply with the terms of debt covenants; conditions in the U.S. telecommunications industry; the value of assets and investments; the state and federal regulatory environment; pending and future litigation; cyber-attacks or other breaches of network or information technology security; potential conflicts of interests between TDS and UScellular; disruption in credit or other financial markets; deterioration of U.S. or global economic conditions; and the impact, duration and severity of public health emergencies. Investors are encouraged to consider these and other risks and uncertainties that are more fully described under "Risk Factors" in the most recent filing of UScellular's Form 10-K, as updated by any UScellular Form 10-Q filed subsequent to such Form 10-K.

For more information about UScellular, visit: www.uscellular.com

United States Cellular Corporation
Summary Operating Data (Unaudited)

As of or for the Quarter Ended	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
Retail Connections					
Postpaid					
Total at end of period	4,159,000	4,194,000	4,223,000	4,247,000	4,264,000
Gross additions	128,000	125,000	137,000	154,000	151,000
Handsets	84,000	83,000	93,000	105,000	107,000
Connected devices	44,000	42,000	44,000	49,000	44,000
Net additions (losses)	(35,000)	(28,000)	(24,000)	(17,000)	(31,000)
Handsets	(38,000)	(29,000)	(25,000)	(20,000)	(22,000)
Connected devices	3,000	1,000	1,000	3,000	(9,000)
ARPU ¹	\$ 51.11	\$ 50.64	\$ 50.66	\$ 50.60	\$ 50.21
ARPA ²	\$ 130.91	\$ 130.19	\$ 130.77	\$ 130.97	\$ 130.27
Handset upgrade rate ³	4.5 %	4.8 %	4.9 %	7.0 %	8.1 %
Churn rate ⁴	1.30 %	1.21 %	1.27 %	1.35 %	1.42 %
Handsets	1.11 %	1.01 %	1.06 %	1.12 %	1.15 %
Connected devices	2.64 %	2.65 %	2.78 %	2.99 %	3.40 %
Prepaid					
Total at end of period	462,000	462,000	470,000	493,000	493,000
Gross additions	52,000	50,000	43,000	61,000	62,000
Net additions (losses)	—	(8,000)	(23,000)	—	2,000
ARPU ¹	\$ 33.44	\$ 33.86	\$ 33.19	\$ 33.34	\$ 35.04
Churn rate ⁴	3.68 %	4.18 %	4.63 %	4.11 %	4.07 %
Market penetration at end of period					
Consolidated operating population	32,350,000	32,350,000	32,350,000	32,370,000	32,370,000
Consolidated operating penetration ⁵	15 %	15 %	15 %	15 %	15 %
Capital expenditures (millions)	\$ 111	\$ 143	\$ 208	\$ 176	\$ 136
Total cell sites in service	6,973	6,952	6,950	6,945	6,933
Owned towers	4,356	4,341	4,338	4,336	4,329

¹ Average Revenue Per User (ARPU) - metric is calculated by dividing a revenue base by an average number of connections and by the number of months in the period. These revenue bases and connection populations are shown below:

- Postpaid ARPU consists of total postpaid service revenues and postpaid connections.
- Prepaid ARPU consists of total prepaid service revenues and prepaid connections.

² Average Revenue Per Account (ARPA) - metric is calculated by dividing total postpaid service revenues by the average number of postpaid accounts and by the number of months in the period.

³ Handset upgrade rate calculated as total handset upgrade transactions divided by average postpaid handset connections.

⁴ Churn rate represents the percentage of the connections that disconnect service each month. These rates represent the average monthly churn rate for each respective period.

⁵ Market penetration is calculated by dividing the number of wireless connections at the end of the period by the total estimated population of consolidated operating markets.

United States Cellular Corporation
Consolidated Statement of Operations Highlights
(Unaudited)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	2023 vs. 2022	2023	2022	2023 vs. 2022
(Dollars and shares in millions, except per share amounts)						
Operating revenues						
Service	\$ 762	\$ 781	(2)%	\$ 2,289	\$ 2,351	(3)%
Equipment sales	201	302	(33)%	617	769	(20)%
Total operating revenues	963	1,083	(11)%	2,906	3,120	(7)%
Operating expenses						
System operations (excluding Depreciation, amortization and accretion reported below)	185	197	(6)%	557	574	(3)%
Cost of equipment sold	228	354	(36)%	708	887	(20)%
Selling, general and administrative	333	369	(10)%	1,020	1,032	(1)%
Depreciation, amortization and accretion	159	177	(10)%	490	520	(6)%
Loss on impairment of licenses	—	—	—	—	3	N/M
(Gain) loss on asset disposals, net	1	1	(33)%	14	9	62 %
(Gain) loss on sale of business and other exit costs, net	—	—	85 %	—	(1)	N/M
Total operating expenses	906	1,098	(17)%	2,789	3,024	(8)%
Operating income (loss)	57	(15)	N/M	117	96	22 %
Investment and other income (expense)						
Equity in earnings of unconsolidated entities	40	40	(1)%	121	122	—
Interest and dividend income	3	2	72 %	8	5	52 %
Interest expense	(50)	(42)	(16)%	(147)	(115)	(28)%
Total investment and other income (expense)	(7)	—	N/M	(18)	12	N/M
Income (loss) before income taxes	50	(15)	N/M	99	108	(8)%
Income tax expense (benefit)	27	(3)	N/M	56	46	22 %
Net income (loss)	23	(12)	N/M	43	62	(30)%
Less: Net income attributable to noncontrolling interests, net of tax	—	—	45 %	3	4	(20)%
Net income (loss) attributable to UScellular shareholders	<u>\$ 23</u>	<u>\$ (12)</u>	N/M	<u>\$ 40</u>	<u>\$ 58</u>	(31)%
Basic weighted average shares outstanding	85	85	—	85	86	(1)%
Basic earnings (loss) per share attributable to UScellular shareholders	<u>\$ 0.26</u>	<u>\$ (0.15)</u>	N/M	<u>\$ 0.47</u>	<u>\$ 0.68</u>	(31)%
Diluted weighted average shares outstanding	86	85	2 %	86	87	—
Diluted earnings (loss) per share attributable to UScellular shareholders	<u>\$ 0.26</u>	<u>\$ (0.15)</u>	N/M	<u>\$ 0.47</u>	<u>\$ 0.67</u>	(31)%

N/M - Percentage change not meaningful

United States Cellular Corporation
Consolidated Statement of Cash Flows
(Unaudited)

	Nine Months Ended September 30,	
	2023	2022
(Dollars in millions)		
Cash flows from operating activities		
Net income	\$ 43	\$ 62
Add (deduct) adjustments to reconcile net income to net cash flows from operating activities		
Depreciation, amortization and accretion	490	520
Bad debts expense	72	93
Stock-based compensation expense	14	18
Deferred income taxes, net	41	31
Equity in earnings of unconsolidated entities	(121)	(122)
Distributions from unconsolidated entities	97	100
Loss on impairment of licenses	—	3
(Gain) loss on asset disposals, net	14	9
(Gain) loss on sale of business and other exit costs, net	—	(1)
Other operating activities	4	6
Changes in assets and liabilities from operations		
Accounts receivable	30	(54)
Equipment installment plans receivable	20	(131)
Inventory	86	(71)
Accounts payable	(39)	(7)
Customer deposits and deferred revenues	(16)	27
Accrued taxes	12	134
Accrued interest	7	10
Other assets and liabilities	(35)	25
Net cash provided by operating activities	<u>719</u>	<u>652</u>
Cash flows from investing activities		
Cash paid for additions to property, plant and equipment	(454)	(409)
Cash paid for licenses	(24)	(575)
Other investing activities	14	8
Net cash used in investing activities	<u>(464)</u>	<u>(976)</u>
Cash flows from financing activities		
Issuance of long-term debt	115	725
Repayment of long-term debt	(395)	(327)
Issuance of short-term debt	—	110
Repayment of short-term debt	(60)	(50)
Common Shares reissued for benefit plans, net of tax payments	(6)	(5)
Repurchase of Common Shares	—	(28)
Distributions to noncontrolling interests	(2)	(3)
Cash paid for software license agreements	(28)	(5)
Other financing activities	(2)	(3)
Net cash provided by (used in) financing activities	<u>(378)</u>	<u>414</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	(123)	90
Cash, cash equivalents and restricted cash		
Beginning of period	308	199
End of period	<u>\$ 185</u>	<u>\$ 289</u>

United States Cellular Corporation
Consolidated Balance Sheet Highlights
(Unaudited)

ASSETS

	September 30, 2023	December 31, 2022
(Dollars in millions)		
Current assets		
Cash and cash equivalents	\$ 153	\$ 273
Accounts receivable, net	959	1,072
Inventory, net	175	261
Prepaid expenses	64	68
Income taxes receivable	2	4
Other current assets	40	45
Total current assets	1,393	1,723
Assets held for sale	16	26
Licenses	4,690	4,690
Investments in unconsolidated entities	477	452
Property, plant and equipment, net	2,593	2,624
Operating lease right-of-use assets	914	918
Other assets and deferred charges	666	686
Total assets	<u>\$ 10,749</u>	<u>\$ 11,119</u>

United States Cellular Corporation
Consolidated Balance Sheet Highlights
(Unaudited)

LIABILITIES AND EQUITY

	September 30, 2023	December 31, 2022
(Dollars in millions, except per share amounts)		
Current liabilities		
Current portion of long-term debt	\$ 18	\$ 13
Accounts payable	412	356
Customer deposits and deferred revenues	222	239
Accrued taxes	35	35
Accrued compensation	61	84
Short-term operating lease liabilities	135	133
Other current liabilities	148	335
Total current liabilities	1,031	1,195
Deferred liabilities and credits		
Deferred income tax liability, net	749	708
Long-term operating lease liabilities	834	843
Other deferred liabilities and credits	601	604
Long-term debt, net	2,903	3,187
Noncontrolling interests with redemption features	12	12
Equity		
UScellular shareholders' equity		
Series A Common and Common Shares, par value \$1.00 per share	88	88
Additional paid-in capital	1,717	1,703
Treasury shares	(80)	(98)
Retained earnings	2,878	2,861
Total UScellular shareholders' equity	4,603	4,554
Noncontrolling interests	16	16
Total equity	4,619	4,570
Total liabilities and equity	<u>\$ 10,749</u>	<u>\$ 11,119</u>

United States Cellular Corporation
Financial Measures and Reconciliations
(Unaudited)

Free Cash Flow

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
(Dollars in millions)				
Cash flows from operating activities (GAAP)	\$ 329	\$ 73	\$ 719	\$ 652
Cash paid for additions to property, plant and equipment	(103)	(121)	(454)	(409)
Cash paid for software license agreements	(9)	(2)	(28)	(5)
Free cash flow (Non-GAAP) ¹	<u><u>\$ 217</u></u>	<u><u>\$ (50)</u></u>	<u><u>\$ 237</u></u>	<u><u>\$ 238</u></u>

¹ Free cash flow is a non-GAAP financial measure which UScellular believes may be useful to investors and other users of its financial information in evaluating liquidity, specifically, the amount of net cash generated by business operations after deducting Cash paid for additions to property, plant and equipment and Cash paid for software license agreements.

EBITDA, Adjusted EBITDA and Adjusted OIBDA

The following table reconciles EBITDA, Adjusted EBITDA and Adjusted OIBDA to the corresponding GAAP measures, Net income (loss) and Income (loss) before income taxes.

	Three Months Ended September 30,	
	2023	2022
(Dollars in millions)		
Net income (loss) (GAAP)	\$ 23	\$ (12)
Add back:		
Income tax expense (benefit)	27	(3)
Income (loss) before income taxes (GAAP)	50	(15)
Add back:		
Interest expense	50	42
Depreciation, amortization and accretion	159	177
EBITDA (Non-GAAP)	259	204
Add back or deduct:		
Expenses related to strategic alternatives review	3	—
(Gain) loss on asset disposals, net	1	1
Adjusted EBITDA (Non-GAAP)	263	205
Deduct:		
Equity in earnings of unconsolidated entities	40	40
Interest and dividend income	3	2
Adjusted OIBDA (Non-GAAP)	<u><u>\$ 220</u></u>	<u><u>\$ 163</u></u>